

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF NEBO WATER)	
DISTRICT OF AN AMENDED WATER)	CASE NO.
PURCHASE CONTRACT WITH THE CITY OF)	2023-00418
MADISONVILLE)	

ORDER

On November 29, 2023, Nebo Water District (Nebo District) filed an amended water purchase contract (Amended Contract) between it and the city of Madisonville (Madisonville) to extend the term of the existing contract and to revise how the wholesale rate Nebo District pays Madisonville is calculated. KRS 278.180(1) provides that no change in rates shall be made except upon 30 days' notice to the Commission. As the Amended Contract was filed with the Commission on November 29, 2023, the earliest date it can become effective is December 29, 2023, which is 30 days after the date of the filing. Nebo District responded to two requests for information from Commission Staff. Those responses are included as Appendix B to this Order and will be included in the evidentiary record of this matter.

Madisonville provides water to Nebo District under a contract dated November 7, 1977 (1977 Contract). The 1977 Contract contains a formula for how the rate to Nebo District is to be calculated and states that any modification to the formula for determining the rate is subject to the approval of the Farmers Home Administration, which is now Rural Development. The 1977 Contract has been amended three times, but the method for calculating the rate has stayed the same until the proposed contract was filed.

Commission Staff inquired about whether Rural Development had approved the modification, but Nebo District's response did not specifically indicate whether that was the case.

KRS 278.030 provides that a utility may collect fair, just and reasonable rates and that the service it provides must be adequate, efficient and reasonable. Having reviewed the proposed Amended Contract and being otherwise sufficiently advised, the Commission finds that an investigation is necessary to determine whether Rural Development has approved the change to the rate formula and to determine the reasonableness of the proposed Amended Contract and that such investigation cannot be completed by December 29, 2023. Pursuant to KRS 278.190(2), the Commission will, therefore, suspend the effective date of the proposed Amended Contract for five months, up to and including May 28, 2024.

The Commission finds that Madisonville, as the other party to the Amended Contract and as Nebo District's wholesale supplier, should be made a party to this proceeding.

The Commission directs Nebo District and Madisonville to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ in which the Commission mandated the use of electronic filing procedures listed in 807 KAR 5:001, Section 8. The Commission finds that electronic filing procedures should be used, consistent with the filing procedures set forth in Case No. 2020-00085.

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

The Commission further finds that a procedural schedule should be established to review the reasonableness of the proposed tariff. The procedural schedule is attached as Appendix A to this Order.

Additionally, any hearing scheduled in this matter shall be held on the designated day or days and continued until called from the bench by the presiding officer. Pursuant to 807 KAR 5:001, Section 2, if the hearing is not concluded on the designated day, the hearing may be continued upon verbal announcement by the presiding officer. A verbal announcement made by the presiding officer shall be proper notice of the continued hearing. Hearings are held in the Richard Raff Hearing Room at the offices of the Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky. Witnesses who sponsor schedules, testimony, or responses to requests for information are expected to participate in person at a hearing.

IT IS THEREFORE ORDERED that:

1. This proceeding is established to investigate the reasonableness of the proposed Amended Contract.
2. The proposed Amended Contract is suspended for five months from December 29, 2023, up to and including May 28, 2024.
3. Madisonville is made a party to this proceeding.
4. Nebo District shall, by counsel, enter an appearance in this proceeding within seven days of the date of service of this Order. The entry of appearance shall include the name, address, telephone number, fax number, and electronic mail address of counsel.

5. Madisonville shall, by counsel, enter an appearance in this proceeding within seven days of the date of service of this Order. The entry of appearance shall include the name, address, telephone number, fax number, and electronic mail address of counsel.

6. Nebo District and Madisonville shall file responses to the request for information attached as Appendix C to this Order no later than January 8, 2024.

7. Unless otherwise ordered by the Commission, the procedures set forth in 807 KAR 5:001, Section 8, related to service and electronic filing of papers shall be followed in this proceeding.

8. Pursuant to 807 KAR 5:001, Section 8(9), within seven days of the date of service of this Order, Nebo District and Madisonville shall file by electronic means a written statement that they waive any right to service of Commission Orders by United States mail and that they or their authorized agent possess the facilities to receive electronic submissions.

9. Unless a party granted leave to intervene states its objection to the use of electronic filing procedures in a motion for intervention, the party shall:

a. Be deemed to have consented to the use of electronic filing procedures and the service of all papers, including Orders of the Commission, by electronic means; and

b. Within seven days of the date of service of an order of the Commission granting intervention, file with the Commission a written statement that:

(1) It or its authorized agent possesses the facilities to receive electronic transmissions; and

(2) Sets forth the electronic mail address to which all electronic notices and messages related to this proceeding shall be served.

10. If a party objects to the use of electronic filing procedures and the Commission determines that good cause exists to excuse that party from the use of electronic filing procedures, service of documents on that party and by that party shall be made in accordance with 807 KAR 5:001, Section 4(8).

11. The procedural schedule set forth in Appendix A to this Order shall be followed.

12. Nebo District and Madisonville shall respond to all requests for information propounded by Commission Staff, whether identified on the procedural schedule or otherwise, as provided in those requests.

13. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding, which is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Therefore, any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented, or the issues and facts the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of utility service consumed by the movant or a general statement regarding the potential impact of possible modification of rates will not be deemed sufficient to establish a special interest.

14. Any motion to intervene after the date established in the procedural schedule shall also show good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

15. Nebo District and Madisonville shall give notice of the hearing in accordance with the provisions set forth in 807 KAR 5:001, Section 9(2). In addition, the notice of the hearing shall include the following statements: "This hearing will be streamed live and may be viewed on the PSC website, psc.ky.gov" and "Public comments may be made at the beginning of the hearing. Those wishing to make oral public comments may do so by following the instructions listed on the PSC website, psc.ky.gov." At the time publication is requested, Nebo District and Madisonville shall forward a duplicate of the notice and request to the Commission.

16. At any public hearing in this matter, neither opening statements nor summarization of direct testimonies shall be permitted.

17. Any hearing scheduled in this matter shall be held on the designated day or days and continued until called from the bench by the presiding officer. Pursuant to 807 KAR 5:001, Section 2, if the hearing is not concluded on the designated day, the hearing shall be continued upon verbal announcement by the presiding officer. A verbal announcement made by the presiding officer shall be proper notice of the continued hearing.

18. Witnesses who sponsor schedules, testimony, or responses to requests for information shall participate in person at any hearing scheduled in this matter.

19. Pursuant to KRS 278.360 and 807 KAR 5:001, Section 9(9), a digital video recording shall be made of the hearing.

20. The Commission does not look favorably upon motions for continuance. Accordingly, motions for extensions of times with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

21. The Commission does not look favorably upon motions to excuse witnesses from testifying at Commission hearings. Accordingly, motions to excuse a witness from testifying at a Commission hearing or from testifying in person at a Commission hearing shall be made in writing and will be granted only upon a showing of good cause.

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PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner

ENTERED
DEC 22 2023
rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director *For*

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00418 DATED DEC 22 2023

- Requests for intervention shall be filed no later than 01/05/2024
- Nebo District and Madisonville shall file responses to the request attached as Appendix C to this Order no later than.....01/08/2024
- All requests for information to Nebo District and Madisonville shall be filed no later than 01/16/2024
- Nebo District and Madisonville shall file responses to initial requests for information no later than.....01/30/2024
- All supplemental requests for information to Nebo District and Madisonville shall be filed no later than 02/13/2024
- Nebo District and Madisonville shall file responses to supplemental requests for information no later than 02/27/2024
- Intervenor testimony, if any, in verified prepared form shall be filed no later than.... 03/05/2024
- All requests for information to Intervenors shall be filed no later than..... 03/19/2024
- Intervenors shall file responses to requests for information no later than..... 04/02/2024
- Nebo District and Madisonville shall file, in verified form, its rebuttal testimony no later than.....04/09/2024
- Nebo District, Madisonville, or any Intervenor shall request either a hearing or that the case be submitted for decision based on the record no later than.....04/16/2024

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00418 DATED DEC 22 2023

ONE HUNDRED SIXTY PAGES TO FOLLOW

Hinton, Daniel E (PSC)

From: Chris Hopgood <chopgood@dkgnlaw.com>
Sent: Thursday, December 14, 2023 2:19 PM
To: Hinton, Daniel E (PSC)
Cc: Rogness, Benjamin (PSC)
Subject: RE: TFS2023-00548 - Amended Contract between Nebo and Madisonville

This Message Originated from Outside the Organization

This Message Is From an External Sender.

Report Suspicious

The old formula was very complicated. Rural Water wanted a long term contract for water supply. We approached Madisonville about an extension. They wanted to get away from a complicated formula and were willing to give us a longer term if we agreed to the 90% of the large industrial rate. Our ability to obtain Rural Water funding. Yes. It is a change from how the existing rate is calculated – although I don't profess to know how to calculate the existing rate under the existing contract.

Chris

From: Hinton, Daniel E (PSC) [mailto:dehinton@ky.gov]
Sent: Thursday, December 14, 2023 12:59 PM
To: Chris Hopgood <chopgood@dkgnlaw.com>
Cc: Rogness, Benjamin (PSC) <benjamin.rogness@ky.gov>
Subject: RE: TFS2023-00548 - Amended Contract between Nebo and Madisonville

Mr. Hopgood,

The 1977 contract seemed to indicate that the formula for calculating the rates could not change without the approval of the Farmer's Home Administration, what is now Rural Development I believe. Was their approval of the amended contract sought? Also, I did not see a response to the question highlighted below.

If you could respond as soon as possible, it would be appreciated. As I said, we have a limited amount of time to review and act on the contract due to the upcoming holidays.

If you have any questions, please let us know. I'll be in the office today until 2:30 your time. I'll be working from home tomorrow, but you can reach me by email if you have questions.

Thanks.

Daniel

From: Chris Hopgood <chopgood@dkgnlaw.com>
Sent: Thursday, December 14, 2023 12:12 PM
To: Hinton, Daniel E (PSC) <dehinton@ky.gov>
Cc: Rogness, Benjamin (PSC) <benjamin.rogness@ky.gov>
Subject: RE: TFS2023-00548 - Amended Contract between Nebo and Madisonville

****CAUTION** PDF attachments may contain links to malicious sites. Please contact the COT Service Desk ServiceCorrespondence@ky.gov for any assistance.**

Here is a letter I have drafted with attachments to attempt to answer the questions posed.
Chris Hopgood

From: Hinton, Daniel E (PSC) [<mailto:dehinton@ky.gov>]
Sent: Wednesday, December 13, 2023 1:55 PM
To: Chris Hopgood <chopgood@dkgnlaw.com>
Cc: Rogness, Benjamin (PSC) <benjamin.rogness@ky.gov>
Subject: RE: TFS2023-00548 - Amended Contract between Nebo and Madisonville

Any update on this. Also, it was a little unclear about whether the rate calculation was changing. Is going to 90% of the rate charged to customers using over 20,000 gallons or more per month a change from how the rate to Nebo is currently calculated?

From: Chris Hopgood <chopgood@dkgnlaw.com>
Sent: Monday, December 11, 2023 4:55 PM
To: Hinton, Daniel E (PSC) <dehinton@ky.gov>
Cc: Rogness, Benjamin (PSC) <benjamin.rogness@ky.gov>
Subject: RE: TFS2023-00548 - Amended Contract between Nebo and Madisonville

I received some information from Madisonville today that is helpful.
I have drafted a response to the questions below. I need one more piece of information before I can make the draft final.
FYI,

Chris Hopgood

From: Hinton, Daniel E (PSC) [<mailto:dehinton@ky.gov>]
Sent: Monday, December 11, 2023 6:27 AM
To: Kenergy - J. Christopher Hopgood <chopgood@dkgnlaw.com>
Cc: Rogness, Benjamin (PSC) <benjamin.rogness@ky.gov>
Subject: RE: TFS2023-00548 - Amended Contract between Nebo and Madisonville

Mr. Hopgood,

I was checking on the status to the requests below.

If you have any questions, please let me know.

Thanks.

Daniel

From: Hinton, Daniel E (PSC)
Sent: Friday, December 1, 2023 9:43 AM
To: Kenergy - J. Christopher Hopgood <chopgood@dkgnlaw.com>
Cc: Rogness, Benjamin (PSC) <benjamin.rogness@ky.gov>
Subject: TFS2023-00548 - Amended Contract between Nebo and Madisonville

Mr. Hopgood,

In reviewing the amended contract below, Staff had the following questions.

1. Explain when the rate to be charged to Nebo starting January 1, 2024 will be known. If already known, provide the rate to be charged starting January 1, 2024.
2. Explain whether Madisonville will make a filing with the Commission requesting approval of the rate to be charged to Nebo starting January 1, 2024. If so, explain when that filing will be made.
3. Provide the ordinances approving the proposed method of calculating the wholesale rate to Nebo.
4. Provide the most recent ordinance approving Madisonville's retail rates, along with the Madisonville's rate schedules for its retail customers.
5. Provide the manner by which Madisonville's rates were calculated, if by Cost of Service Study or other method.
6. Provide the name and case number of any other municipal utility where the Commission approved a wholesale rate that was based on 90 percent of a municipal retail rate.
7. Explain why the proposed method of calculating the rate to Nebo based on 90 percent of the rate charged by Madisonville to its class of customers that use 20,000 gallons or more per month is an appropriate method of calculating the wholesale rate to Nebo.
8. Refer to the last sentence in #3 of the proposed contract, which states that any rate change approved by the Commission shall be effective as of the same date of any rate change charged by Madisonville for its class of customers that use 20,000 gallons or more per month.
 - a. Explain what will happen if the Commission approves Madisonville's wholesale rate to Nebo after Madisonville has already begun charging the retail rate the wholesale rate is tied to.
 - b. Explain whether the wholesale rate to Nebo will be charged based on the date approved by the Commission or based on the date Madisonville began charging the retail rate the wholesale rate is tied to.

Responses can be sent to us at the email addresses above.

If you have any questions, please let us know.

Thanks.

Daniel

From: KY Public Service Commission <psc.tariffs@ky.gov>
Sent: Wednesday, November 29, 2023 3:16:39 PM (UTC-05:00) Eastern Time (US & Canada)
To: chopgood@dkgnlaw.com <chopgood@dkgnlaw.com>
Cc: PSC Tariffs <psc.tariffs@ky.gov>
Subject: KY-PSC Electronic Filing Center NotificationTFS2023-00548

This notification has been sent to you regarding your recent Tariff filing : TFS2023-00548 file(s) have been transmitted successfully.

Documents received for Tariff filing: TFS2023-00548 for Nebo Water District
11/29/2023 3:16:33 PM

File Summary:

File Name: bridwellnov2123.pdf

Description: Cover Letter

File Name: amendment-contract.pdf

Description: Contract

Thank you.

**DORSEY, GRAY, NORMENT & HOPGOOD
ATTORNEYS-AT-LAW
318 SECOND STREET
HENDERSON, KENTUCKY 42420**

JOHN DORSEY (1920-1986)
WILLIAM B. NORMENT, JR.
J. CHRISTOPHER HOPGOOD
S. MADISON GRAY
DAVIS HUNTER

TELEPHONE
TELEFAX
(270) 826-6672
www.dkgnlaw.com

OF COUNSEL
STEPHEN D. GRAY

December 14, 2023

ELECTRONICALLY FILED

Linda C. Bridwell, Executive Director
Kentucky Public Service Commission
Post Office Box 615
Frankfort, KY 40602

Re: In the matter of Nebo Water District's Wholesale
Water Contract Amendment – City of
Madisonville

Dear Ms. Bridwell:

The following letter hopefully explains the questions the PSC may have concerning the Nebo Water District's proposed amendment to its wholesale water contract with the City of Madisonville:

1. Explain when the rate to be charged to Nebo starting January 1, 2024 will be known. If already known, provide the rate to be charged starting January 1, 2024.

Answer: The current rate for large users (20,000 gallons or more per month) to City residents is \$5.52, per the attached ordinance. 90% of that is \$4.98. The answer therefore is known based upon this calculation.

2. Explain whether Madisonville will make a filing with the Commission requesting approval of the rate to be charged to Nebo starting January 1, 2024. If so, explain when that filing will be made.

Answer: As soon as the City of Madisonville can provide the notice letter that is typically provided in a Purchased Water Adjustment filing, the PWA will be filed.

3. Provide the ordinances approving the proposed method of calculating the wholesale rate to Nebo.

Answer: Attached is the Madisonville meeting minutes of November 6, 2024, approving the Nebo contract amendment.

4. Provide the most recent ordinance approving Madisonville's retail rates, along with the Madisonville's rate schedules for its retail customers.

Answer: See attached Madisonville ordinance.

5. Provide the manner by which Madisonville's rates were calculated, if by Cost of Service Study or other method.

Answer: See attached cost of service study.

6. Provide the name and case number of any other municipal utility where the Commission approved a wholesale rate that was based on 90 percent of a municipal retail rate.

Answer: This appears to be a question of first impression.

7. Explain why the proposed method of calculating the rate to Nebo based on 90 percent of the rate charged by Madisonville to its class of customers that use 20,000 gallons or more per month is an appropriate method of calculating the wholesale rate to Nebo.

Answer: The two large industrial users in the City of Madisonville are Ahlstrom Filtration and Baptist Hospital and these are large employers in Madisonville. Although Nebo has no voice at the Madisonville City Commission meetings, Nebo's rates are tied to large industrial users who do have a voice at the City Commission meetings. Further, Madisonville has based its rates on cost of service as shown by the study.

8. Refer to the last sentence in #3 of the proposed contract, which states that any rate change approved by the Commission shall be effective as of the same date of any rate change charged by Madisonville for its class of customers that use 20,000 gallons or more per month.

- a. Explain what will happen if the Commission approves Madisonville's wholesale rate to Nebo after Madisonville has already begun charging the retail rate the wholesale rate is tied to.

Answer: The contract amendment is contingent upon PSC approval. Nebo would continue paying its current rate until such time as this amendment is approved. The reason for the amendment is to obtain a long term commitment for water supply from the City of Madisonville and the City sought a simple formula in exchange for a long term commitment.

- b. Explain whether the wholesale rate to Nebo will be charged based on the date approved by the Commission or based on the date Madisonville began charging the retail rate the wholesale rate is tied to.

Answer: It will be based on the date of approval by the PSC.

December 14, 2023

Page

Thank you for your assistance with this matter, and please do not hesitate to contact me if you have any questions or concerns.

Respectfully,

DORSEY, GRAY, NORMENT & HOPGOOD

By


J. Christopher Hopgood

JCH/cds

Encls.



MINUTES

1. CALL TO ORDER

City Council Member Frank Stevenson

2. PLEDGE OF ALLEGIANCE

3. INVOCATION

Chief Steve Bryan

4. ROLL CALL

Present: Council Member Tony Space, Council Member Adam Townsend, City Council Member Larry Noffsinger, Council Member Frank Stevenson, Council Member Chad Menser

Absent: Mayor Kevin Cotton, Council Member Misty Cavanaugh

5. APPROVAL OF MINUTES

A. Minutes of 10022023

RESULT: Approval of Minutes of October 2, 2023

MOVER: City Council Member Larry Noffsinger

SECONDER: Council Member Tony Space

AYES: Tony Space, Adam Townsend, Larry Noffsinger, Frank Stevenson, Chad Menser

NOES: None

ABSTAIN: None

B. Minutes of Special Called Meeting 10092023

RESULT: Approval of Minutes of Special Called Meeting October 9, 2023

MOVER: City Council Member Larry Noffsinger

SECONDER: Council Member Tony Space

AYES: Tony Space, Adam Townsend, Larry Noffsinger, Frank Stevenson, Chad Menser

NOES: None

ABSTAIN: None

6. APPROVAL OF BILLS AND PAYROLL

A. Bills and Payroll

RESULT: Approval of Bills and Payroll

MOVER: Council Member Tony Space

SECONDER: City Council Member Larry Noffsinger

AYES: Tony Space, Adam Townsend, Larry Noffsinger, Frank Stevenson,
Chad Menser

NOES: None

ABSTAIN: None

7. DEPARTMENT REPORTS

A. Zoning & Permit September Report

B. Zoning & Permit October Report

C. Business Licenses - September & October

8. NEW BUSINESS

A. Resolutions

A. **Resolution to enter into an amended agreement with Nebo Water District**

RESULT: Approval of Amending Agreement with Nebo Water District

MOVER: City Council Member Larry Noffsinger

SECONDER: Council Member Adam Townsend

AYES: Tony Space, Adam Townsend, Larry Noffsinger, Frank Stevenson,
Chad Menser

NOES: None

ABSTAIN: None

B. **Resolution approving the granting of local incentives to Ahlstrom and any subsequent assignees or approved affiliates thereof pursuant to KRS chapter 154, subchapter 32**

RESULT: Approval of granting local incentives to Ahlstrom Filtration

MOVER: Council Member Tony Space

SECONDER: City Council Member Larry Noffsinger

AYES: Tony Space, Larry Noffsinger, Frank Stevenson, Chad Menser

NOES: None

ABSTAIN: Adam Townsend

9. Proclamation - Small Business Saturday

A. Small Business Saturday

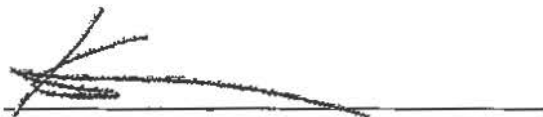
10. Citizens to address City Council

Steven Tucker addressed City Council to ask if Council would amend the ordinance on penalties for non compliant in zoning laws.

11. ADJOURNMENT

Our Mission: To elevate the quality of life through excellent city services.

Approved the 20th day of November, 2023.

A handwritten signature in black ink, appearing to be 'Kevin Cotton', written over a horizontal line.

Kevin Cotton, Mayor

ATTEST:

A handwritten signature in black ink, appearing to be 'Kim Blue', written over a horizontal line.

Kim Blue, City Clerk

**CITY OF MADISONVILLE
RESOLUTION 2023-36**

RESOLUTION TO AMEND AN AGREEMENT WITH NEBO WATER DISTRICT

WHEREAS, the City of Madisonville entered into an agreement dated July 18, 1977, as amended by agreements dated July 10, 1979, September 15, 1990 and August 20, 2001 which provided that the City would sell treated water to the District upon the terms and conditions stated therein; and;

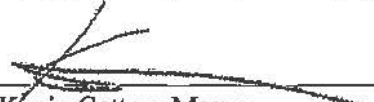
WHEREAS, the parties desire to amend the existing agreements as shown on the Amended Agreement attached hereto.

NOW THEREFORE, BE IT RESOLVED, by the City of Madisonville, Kentucky that the Mayor or his designee is hereby authorized to execute the attached amended agreement between the City of Madisonville and Nebo Water District.

Upon vote being taken thereon, the votes were cast as follows:

RESULT: Approval of Amending Agreement with Nebo Water District
MOVER: City Council Member Larry Noffsinger
SECONDER: Council Member Adam Townsend
AYES: Tony Space, Adam Townsend, Larry Noffsinger, Frank Stevenson, Chad Menser
NOES: None
ABSTAIN: None

Dated 6th day of November, 2023



Kevin Cotton, Mayor

ATTEST:



Kim Blue, City Clerk

AMENDED AGREEMENT

THIS AMENDED AGREEMENT is made and entered into by and between CITY OF MADISONVILLE ("City"), Post Office Box 705, Madisonville, KY 42431, and NEBO WATER DISTRICT ("District") on this 7th day of November, 2023;

WITNESSETH: The City of Madisonville and the Nebo Water District entered into an agreement dated July 18, 1977, as amended by agreements dated July 10, 1979, September 15, 1990, and August 20, 2001, which provided that the City would sell treated water to the District upon the terms and conditions stated therein; and

WHEREAS, the parties hereto desire to amend the existing agreements between the parties as herein provided;

NOW, THEREFORE, for and in consideration of the mutual promises and obligations of the parties, and in consideration of the premises, the receipt and sufficiency of said consideration being hereby acknowledged, the parties do hereby amend their existing agreements as follows:

1. The term of the existing agreement is extended from September 14, 2030, to September 14, 2053.

2. The City of Madisonville agrees to make available for delivery and use by the Nebo Water District potable treated water, meeting the applicable purity standards of the Kentucky State Board of Health, in such quantity as may be required by the District not to exceed 18 million gallons per month. The treated water supplied by the City to the District shall only be for the use of businesses and/or residences located in Hopkins County, Kentucky. The District does hereby covenant and agree that no portion of the treated water sold to it by the City of Madisonville will be offered for distribution and/or sold to any person, firm or corporation outside Hopkins County, Kentucky.

3. Paragraph 6 of the existing agreement, as amended, is further amended as follows. Until December 31, 2023, the rate to be charged by the City of Madisonville to the Nebo Water District is \$4.52 per thousand gallons of water metered. Beginning January 1, 2024, the

rate to be charged by the City of Madisonville to the Nebo Water District is an amount equal to the ninety percent (90%) of the rate charged to the City of Madisonville's class of customers that use 20,000 gallons per month or more as same may be amended by the Madisonville City Council by Ordinance. The City of Madisonville shall provide unto the Nebo Water District notice of any proposed rate increase/decrease at least 60 days prior to the effective date of any rate change.

It is expressly agreed and understood that any proposed rate change must be approved by the Kentucky Public Service Commission. Any rate change approved by the Kentucky Public Service Commission shall be effective as of the same date of any rate change charged by the City of Madisonville for its class of customers that use 20,000 gallons per month or more.

4. Should the City of Madisonville offer to any other water district or municipality other than the City of Hanson, Kentucky a rate formula that is more favorable to the water district than the rate herein, then the rate herein shall be adjusted to match the more favorable rate formula. For the avoidance of doubt, this paragraph does not apply to the economic development rate discount of industrial rate agreements, or to compromised rates as a result of litigation.

5. This agreement is contingent upon approval by the Kentucky Public Service Commission.

6. All other provisions of the previous agreements of the parties not inconsistent herewith are ratified and reaffirmed.

CITY OF MADISONVILLE

By: _____

KEVIN COTTON, MAYOR

NEBO WATER DISTRICT

By: _____
CHAIRMAN

JAE.alt.2023Docs.1003COM.NeboWaterDistrict.Agreement clean

CHAPTER 52: WATER AND SEWERS

Section

General Provisions

- 52.01 Definitions
- 52.02 Contract required; unauthorized use
- 52.03 Unauthorized tampering; damaging waterworks property
- 52.04 Duty of police to report damage to fireplugs and water system
- 52.05 Building sewers and connections
- 52.06 Policies and Procedures Manual
- 52.07 Standards Manual

Rates, Charges, and Billing

- 52.10 (Reserved)
- 52.11 Water rates
- 52.12 Waterworks connection charges
- 52.13 Meter deposits
- 52.14 Charge for service calls
- 52.15 Free use of sewer prohibited
- 52.16 Finding of fact; basis of sewer charge
- 52.17 Sewer rates
- 52.18 Industrial cost recovery
- 52.19 Special rates for unusual uses or occupancies
- 52.20 Billing collection
- 52.21 Disconnection and reconnection charge
- 52.22 Application of water revenue
- 52.23 Application of sewer revenue

Sewer Use

- 52.30 Prohibited deposits on public or private property
- 52.31 Unauthorized tampering with sewage works prohibited
- 52.32 Powers and duties of Inspectors
- 52.33 Discharges to natural outlets
- 52.34 Connection required where public sewer available
- 52.35 Private sewage disposal systems
- 52.36 (Reserved)
- 52.37 Prohibited discharges to sanitary

- 52.38 Discharge of unpolluted drainage to storm sewers
- 52.39 Prohibited discharges to public sewers
- 52.40 Discharge of potentially harmful wastes
- 52.41 Interceptors
- 52.42 Control manholes
- 52.43 Measurements, tests, and analyses
- 52.44 Discharges containing certain concentrations prohibited
- 52.45 Maintenance of pretreatment or flow-equalizing facilities
- 52.46 (Reserved)
- 52.47 Hearing Board
- 52.48 Backflow prevention; prohibition of cross-connection
- 52.49 Federal standards
- 52.50 Administration of wastewater permits for industrial discharges
- 52.51 Reporting requirements for permittee
- 52.52 Permit system
- 52.53 Validity
- 52.54 Administrative enforcement remedies
- 52.55 Judicial remedies

- 52.99 Civil and criminal penalties

GENERAL PROVISIONS

§ 52.01 DEFINITIONS.

For the purpose of this chapter the following definitions shall apply unless the context clearly indicates or requires a different meaning.

AUTHORIZED REPRESENTATIVE. A president, vice-president, secretary, treasurer, manager, general partner, proprietor, principal executive officer or director having responsibility for the overall operation of the discharging facility.

B.O.D. or (BIOCHEMICAL OXYGEN DEMAND). The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days at 20° C., expressed in milligrams per liter.

BUILDING DRAIN. That part of the lowest horizontal piping of a drainage system which receives the discharge from soil, waste, and other drainage pipes inside the walls of the building and conveys it to the building sewer, beginning five (5) feet (1.5 meters) outside the inner face of the building wall.

BUILDING SEWER. The extension from the building drain to the public sewer or other place of disposal, i.e. a sewer conveying wastewater from the premises of a user to the POTW.

BYPASS. The intentional diversion of wastestreams from any portion of an industrial user's treatment facility. 40 C.F.R. 403.17(a)(1).

CITY. The city of Madisonville, Kentucky.

COMBINED SEWER. A sewer receiving both surface runoff and sewage.

COMBINED WASTESTREAM FORMULA (CWF). Procedure for calculating alternative discharge limits at industrial facilities where a regulated wastestream from a categorical industrial user is combined with other wastestream prior to treatment. (40CFR 403.6(e)).

CROSS-CONNECTION. Any physical connection or arrangement between two or more otherwise separate pipe or piping of the water purveyor that transports the water of the city, one of which contains potable water and the other either water of unknown or questionable safety, or any source of pipes or piping conveying any other liquid, regardless of the number or types of water valves, checks, or gauges devised as eliminators, backflow preventors, cross-connections, whereby there may flow from one system to the other, the direction of flow depending on the pressure differential between the two systems. Cross-connections caused by antiquated plumbing due to submerged outlets, negative heads, drains, vacuums, or valves shall be considered cross-connections when sewage, pesticide chemicals, or other liquids, other than such potable municipal water supply, may be discharged or drawn into the municipal water supply or its customers.

DEBT SERVICE. Charges levied on users of the sewage treatment system to support the annual debt service obligations of the system.

DILUTION STREAMS. For purposes of the combined wastestream formula, the average daily flow (at least a 30 day average) from: boiler blowdown streams, non-contact cooling streams, storm water streams, and demineralize backwash streams (provided, however, that where such streams contain a significant amount of a pollutant, and the combination of such streams, prior to treatment, with an industrial user's regulated process wastestreams will result in a substantial reduction of that pollutant, the control authority, upon application of the industrial user, may exercise its discretion to determine whether such streams should be classified as diluted or unregulated. In its application to the control authority, the industrial user must provide engineering, production, sampling and analysis, and such other information so that the control authority can make its determination); or sanitary wastestreams where such streams are not regulated by a categorical pretreatment standard; or from any process wastestreams which were, or could have been, entirely exempted from categorical pretreatment standards pursuant to paragraph 8 of the NRDC v. Costle Consent Decree (12 ERC 1833) for one or more of the following reasons (see Appendix D of 40 CFR 403):

- (1) The pollutants of concern are not detectable in the effluent from the industrial user [paragraph (8)(a)(iii)]
- (2) The pollutants of concern are present only in trace amounts and are neither causing nor likely to cause toxic effects [paragraph (8)(a)(iii)]
- (3) The pollutants of concern are present in amounts too small to be effectively deduced by technologies known to the Administrator [paragraph (8)(a)(iii)]; or
- (4) The wastestream contains only pollutants which are compatible with the POTW [paragraph (8)(b)(i)] [40 CFR 403.6 (e)].

GARBAGE. Solid wastes from the domestic and commercial preparation, cooking, and dispensing of food, and from the handling, storage, and sale of produce.

HEARING BOARD. That board appointed according to the provisions of § 52.47.

INDUSTRIAL WASTE. The liquid wastes from industrial manufacturing processes, trade, or business, as distinct from sanitary sewage.

INTERFERENCE. A discharge which, alone or in conjunction with a discharge or discharges from other sources both:

- (1) Inhibits or disrupts the POTW, its treatment processes or operations or its sludge processes, use, or disposal; and
- (2) Therefore is a cause of a violation of any requirement of the POTW's NPDES permit (including an increase in the magnitude or duration of a violation) or of the prevention of sewage sludge use or disposal in compliance with the following statutory provisions and regulations or permits issued thereunder (or more stringent state or local regulations): § 405 of the Clean Water Act, the Solid Waste Disposal Act (SWDA) (including Title II, more commonly referred to as the Resource Conservation and Recovery Act (RCRA) and including state regulations contained in a state sludge management plan prepared pursuant to Subtitle D of the SWDA), the Clean Air Act, the Toxic Substances Control Act, and the Marine Protection, Research, and Sanctuaries Act [40 CFR 403.3].

MAYOR. The Mayor of the city or the duly appointed and authorized representative of the Mayor, including the superintendent, and City Engineer.

NATIONAL CATEGORICAL PRETREATMENT STANDARD or PRETREATMENT STANDARD. Any regulation containing pollutant discharge limits promulgated by the EPA in accordance with § 307(b) and (c) of the Clean Water Act (33 U.S.C. 1347) which applies to a specific category of industrial users.

NATIONAL PROHIBITIVE DISCHARGE STANDARD or PROHIBITIVE DISCHARGE STANDARD. Any regulation developed under the authority of 307(b) of the Clean Water Act and 40 CFR, § 403.5.

NATIONAL POLLUTION DISCHARGE ELIMINATION SYSTEM (NPDES) PERMIT. A permit issued pursuant to 402 of the Clean Water Act (33 U.S.C. 1342).

NATURAL OUTLET. Any outlet into a watercourse, pond, ditch, lake, or other body of surface water or groundwater.

NEW SOURCE.

(1) The term **NEW SOURCE** means any building, structure, facility or installation from which there is or may be a discharge of pollutants, the construction of which commenced after the publication of proposed pretreatment standards under § 307(c) of the Act which will be applicable to such source if the standards are thereafter promulgated in accordance with that section provided that:

(a) The building, structure, facility or installation is constructed at a site at which no other source is located; or

(b) The building, structure, facility or installation totally replaces the process or production equipment that causes the discharge of pollutants at an existing source; or

(c) The production or wastewater generating processes of the building, structure, facility or installation are substantially independent of an existing source at the same site. In determining whether these are substantially independent, factors such as the extent to which the new facility is integrated with the existing plant, and the extent to which the new facility is engaged in the same general type of activity as the existing source should be considered.

(2) Construction on a site at which an existing source is located results in a modification rather than a new source if the construction does not create a new building, structure, facility or installation meeting the criteria of divisions (1)(b) or (c) above, but otherwise alters, replaces, or adds to existing process or production equipment.

(3) Construction of a new source as defined under this division has commenced if the owner or operator has:

(a) Begun, or caused to begin as part of a continuous on-site construction program;

1. Any placement, assembly, or installation of facilities or equipment; or

2. Significant site preparation work including clearing, excavation or removal of existing buildings, structures or facilities which is necessary for the placement, assembly, or installation of new source facilities or equipment; or

(b) Entered into a binding contractual obligation for the purchase of facilities or equipment which are intended to be used in its operation within a reasonable time. Options to purchase or contracts which can be terminated or modified without substantial loss, and contracts for feasibility, engineering, and design studies do not constitute a contractual obligation under this division.

OPERATION AND MAINTENANCE. Those functions that result in expenditures during the useful life of the treatment works for materials, labor, utilities and other items which are necessary for managing such works as designed and constructed.

PASS THROUGH. A discharge which exits the POTW into waters of the United States in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of the POTW's NPDES permit (including an increase in the magnitude or duration of a violation) [40 CFR 403.3(n)].

PERSON. Any individual, firm, company, association, society, corporation, or group.

pH. The logarithm of the reciprocal of the weight of hydrogen ions in grams per liter of solution.

PRETREATMENT or TREATMENT. The reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater to a less harmful state prior to or in lieu of discharging otherwise introducing such pollutants into a POTW. The reduction or alteration can be obtained by physical, chemical, or biological processes, process changes, or other means, except as prohibited by 40 CFR § 403.6(d).

PRETREATMENT REQUIREMENTS. Any substantive or procedural requirement related to pretreatment, other than a national pretreatment standard, imposed on an industrial user.

PROPERLY SHREDDED GARBAGE. The wastes from the preparation, cooking and dispensing of food that have been shredded to such a degree that all particles will be carried freely under the flow conditions normally prevailing public sewers, with no particle greater than 1/2 inch (1.27 centimeters) in any dimension.

PUBLIC SEWER. A sewer in which all owners of abutting properties have equal rights and is controlled by public authority.

PURVEYOR. Any reference to the purveyor of water shall include all water districts, wholesale customers, private systems, and the like, that use water furnished and treated by the city.

REPLACEMENT. Expenditures for obtaining and installing equipment, accessories or appurtenances which are necessary during the useful life of the treatment works to maintain the capacity and performance for which such works were designed and constructed.

SANITARY SEWER. A sewer which carries sewage and to which storm water, surface water, and groundwater are not intentionally admitted.

SEVERE PROPERTY DAMAGE. Substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. **SEVERE PROPERTY DAMAGE** does not mean economic loss caused by delays in production. 40 C.F.R. 403.17(a)(2).

SEWAGE. A combination of the water-carried wastes from residences, business buildings, institutions, and industrial establishments, together with such groundwater, surface water, and storm water as may be present.

SEWAGE TREATMENT PLANT. Any arrangement of devices and structures used for treating sewage.

SEWAGE WORKS. All facilities for collecting, pumping, treating, and disposing of sewage.

SEWER. A pipe or conduit for carrying sewage.

SHALL. Mandatory; "May" is permissive.

SIGNIFICANT INDUSTRIAL USER. Includes all categoricals, noncategoricals with an average process flow of 25,000 gallons per day (gpd) or more, noncategoricals contributing 5% or more of the POTW's dry weather hydraulic or organic capacity, or any industrial user designated by the control authority to have a reasonable potential to adversely affect the POTW's operation [40 CFR 403.3 (t)].

SIGNIFICANT NONCOMPLIANCE. Significant noncompliance is one or more of the following:

- (1) Chronic violations (exceedances 66% of the time during a six-month period) of the same pollutant parameters;
- (2) Technical Review Criteria (TRC) violations (33% or more of measurements for each pollutant parameter taken during a six-month period equal or exceed the product of the applicable limit and the TRC value (1.4 times the limit for a conventional pollutant or 1.2 times the limit for a toxic pollutant));
- (3) Any violation of a pretreatment effluent limit (daily maximum or longer-term average) that the control authority determines has caused, alone or in combination with other discharges, interference or pass through (including endangering the health of POTW personnel or the general public),
- (4) A discharge of imminent endangerment to human health, welfare, or the environment, or which required the POTW to use its emergency authorities under 40 CFR 403.8 (f)(1)(vi)(B);
- (5) Violations of a compliance schedule milestone by 90 days;
- (6) Violations of report submittal deadlines by 30 days;

(7) Failure to report noncompliance; and

(8) Any other violation deemed significant by the control authority [40 CFR 403.8 (f)(2)(vii)].

SLUG. Any discharge of water, sewage or industrial waste which in concentration of any given constituent or in quantity of flow exceeds for any period of duration longer than 15 minutes, more than five times the average 24-hour concentration or flows during normal operations.

STORM DRAIN. Sometimes termed **STORM SEWER**, shall mean a sewer which carries storm and surface water and drainage, but excludes sewage and industrial wastes other than unpolluted cooling water.

SUPERINTENDENT. The Superintendent of the City Sewer Department or his authorized deputy, agent, or representative.

SUSPENDED SOLIDS. Solids that either float on the surface of or are in suspension in water, sewage or other liquids, and which are removable by laboratory filtering.

TOXIC POLLUTANT. Any pollutant or combination of pollutants listed as toxic in regulations promulgated by the Administrator of the EPA under the provisions of the Clean Water Act § 307(a) or other acts. 40 C.F.R. 401.15.

USER. Any individual, firm, company, association, society, corporation, or group.

USER CHARGE. That portion of the total wastewater service charge which is levied in a proportional and adequate manner for the cost of operation, maintenance and replacement of the wastewater treatment works.

WATERCOURSE. A channel in which a flow of water occurs, either continuously or intermittently.

WATER METER. A water volume measuring and recording device, furnished and/or installed by a user and approved by the City of Madisonville.

('74 Code, § 27-50) (Ord. passed 1-16-78; Am. Ord. passed 2-20-84; Am. Ord. passed 9-2-86; Am. Ord. passed 8-19-91; Am. Ord. 95-03, passed 5-17-95)

§ 52.02 CONTRACT REQUIRED; UNAUTHORIZED USE.

No person shall take or use any water furnished or supplied through the waterworks system of the city for domestic or other purposes without contracting for same, pursuant to the rules and regulations of the city, nor shall any person permit water to be taken from his premises by any person not having a permit or license to take or use such water.

('74 Code, § 27.51) (Ord. passed 3-4-74; Am. Ord. passed 9-2-86; Am. Ord. 2015-02, passed 2-17-15) Penalty, see § 52.99

§ 52.03 UNAUTHORIZED TAMPERING; DAMAGING WATER WORKS PROPERTY.

No person, other than an officer or employee of the city, or, not having a permit from one duly authorized to execute same, shall turn on or off any water from any main, distributing pipe, shutoff box, or any device, or open, damage, or otherwise interfere with any shutoff box or water meter; nor shall any person damage, tamper with, or unscrew any nut or other fastening device on or about any fireplug.

('74 Code, § 27-52) (Ord. passed 3-4-74; Am. Ord. passed 9-2-86) Penalty, see § 52.99

§ 52.04 DUTY OF POLICE TO REPORT DAMAGE TO FIREPLUGS AND WATER SYSTEM.

It shall be the duty of all policemen to report any breakage or damage to any fireplug or other water system in any way, which report shall be made to the Chief of Police promptly on discovery.

('74 Code, § 27-53) (Ord. passed 3-4-74; Am. Ord. passed 9-2-86)

§ 52.05 BUILDING SEWERS AND CONNECTIONS.

(A) No unauthorized person shall uncover, make any connections with or opening into, use, alter, or disturb any public sewer or appurtenance thereof without first obtaining a written permit from the Mayor.

(B) There shall be two classes of building sewer permits: one for residential and commercial services, and one service to establishments producing industrial wastes. In either case, the owner or his agent shall make application

on a special form furnished by the city. The permit application shall be supplemented by any plans, specifications, and other information considered pertinent in the judgment of the Mayor. A permit and inspection fee of twenty-five dollars (\$25.00) for a residential or commercial building sewer permit and fifty dollars (\$50.00) for an industrial building sewer permit shall be paid to the city at the time the application is filed.

(C) All costs and expenses incident to the installation and connection of the building sewer shall be borne by the owner. The owner shall indemnify the city from any loss or damage that may directly or indirectly be occasioned by the installation of the building sewer.

(D) A separate and independent building sewer shall be provided for every building; however, where one building stands at the rear of another on an interior lot and no private sewer is available or can be constructed to the rear building through an adjoining alley, courtyard, or driveway, the building sewer from the front building may be extended to the rear building and the whole considered as one building sewer.

(E) Old building sewers may be used in connection with new buildings only when on examination and test by the Mayor, they are found to meet all requirements of this chapter.

(F) The size, slope, alignment, materials of construction of a building sewer, and the methods to be used in excavating, placing of the pipe, jointing, testing, and backfilling the trench, shall all conform to the requirements of the building and plumbing code or other applicable rules and regulations of the city. In the absence of code provisions or in amplification thereof, the materials and procedures set forth in appropriate specifications of the A.S.T.M. and W.P.C.F. Manual of Practice No. 9 shall apply.

(G) Whenever possible, the building sewer shall be brought to the building at an elevation below the basement floor. In all buildings in which any building drain is too low to permit gravity flow to the public sewer, sanitary sewage carried by such building drain shall be lifted by an approved means and discharged to the building sewer.

(H) No person shall make connections of roof downspouts, exterior foundation drains, areaway drains, or other sources of surface runoff or groundwater, to a building sewer or building drain which in turn is connected directly or indirectly to a public sanitary sewer.

(I) The connection of the building sewer into the public sewer shall conform to the requirements of the building and plumbing code or other applicable rules and regulations of the city, or the procedures set forth in appropriate specifications of the A.S.T.M. and the W.P.C.F. Manual of Practice No. 9. All such connections shall be made gasketed and watertight. Any deviation from the prescribed procedures and materials must be approved by the Mayor before installation.

(J) The applicant for the building sewer permit shall notify the Mayor when the building sewer is ready for inspection and connection to the public sewer. The connection shall be made under the supervision of the Mayor or his representative.

(K) All excavations for building sewer installation shall be adequately guarded with barricades and lights so as to protect the public from hazard. Streets, sidewalks, parkways, and other public property disturbed in the course of the work shall be restored in a manner satisfactory to the city.

(L) Except as herein provided, the minimum fee for a connection is and shall be four hundred dollars (\$400.00). If the city is required to traverse an existing street by excavation or otherwise to make any such connection, the minimum fee shall be four hundred dollars (\$400.00) together with the reasonable cost of traversing and repairing the street. There shall be no connection fee charged: to a real estate developer for connecting a newly constructed main line with the city's collection system; or to an owner, if the tee and lateral to which the connection is to be made were constructed by a developer without cost to the city.

(Ord. passed 9-2-86; Am. Ord., passed 10-7-91) Penalty, see § 52.99

§ 52.06 POLICIES AND PROCEDURES MANUAL.

(A) The city does hereby establish and adopt a Policies and Procedures Manual for the Wastewater Collection Department. The policies and procedures manual, currently consisting of twenty (20) pages, is incorporated herein by reference. All members of the public receiving public sanitary sewer service from the city are required to comply with the provisions of the Policies and Procedures Manual as same may be amended from time to time.

(B) The Policies and Procedures Manual contains provisions relating to: use of public sanitary sewer service; design and construction standards; relocating or adjustment of wastewater facilities; application for wastewater

service; customers not to provide wastewater service to others; unaccounted for services; discontinuance of service; no guarantee of system capacity; responsibility for property of customer; responsibility for damages to customer's wastewater line; sewer cleaning and/or flushing; service to annexed areas; main extensions; fees and other charge

(C) The Policies and Procedures Manual may be amended from time to time by the Water Distribution Department and/ or the Engineering Department. Any change in rates requires the approval of the City Council. A copy of the Policies and Procedures Manual shall be attached to ordinance 2003-15, passed 6-16-03, same is incorporated herein by reference and made a part of the permanent records of the city.

(Ord. 2003-14, passed 6-16-03; Am. Ord. 2003-15, passed 6-16-03)

§ 52.07 STANDARDS MANUAL.

(A) The city does hereby establish and adopt a Standards Manual setting forth regulations and specifications pertaining to new water mains and sanitary sewerage facilities located within or served by the city. The Standards Manual, currently consisting of a foreword, an index, twelve (12) chapters and an appendix, is incorporated herein reference.

(B) The Standards Manual may be amended from time to time by the Wastewater Collection Department and/or the Engineering Department. Any change in rates requires the approval of the City Council. A copy of the Standard Manual shall be attached to ordinance 2003-16, passed 6-16-03, same is incorporated herein by reference, and made a part of the permanent records of the city.

(Ord. 2003-16, passed 6-16-03; Am. Ord. 2005-13, passed 8-1-05)

RATES, CHARGES, AND BILLING

§ 52.10 (RESERVED).

§ 52.11 WATER RATES.

The rates and charges for water service furnished by the city, are fixed and established on a monthly basis, as follows:

(A) The minimum water bill for retail service within the city shall be thirteen and 00/100 dollars (\$13.00) per month, and each water customer shall be entitled to one thousand (1,000) gallons (or less) of water in each month for such minimum charge. Thereafter, the following metered charges shall be made for each one thousand (1,000) gallons of water consumption per month to customers of all size connections:

Number of Gallons of Water per Month	Monthly Charge per 1,000 Gallons
First 1,000 gallons or less, minimum	\$13.00
Next 19,000 gallons	\$6.98
All over 20,000 gallons	\$5.53
All over 4,000,000 gallons shall be at a rate to be negotiated between the customer and the Mayor.	

(B) The minimum water bill for retail service beyond the city limits shall be nineteen and 49/100 dollars (\$19.49). Thereafter, the following metered charges shall be made for each one thousand (1,000) gallons of water consumption per month to customers of all size connections:

Number of Gallons of Water per Month	Monthly Charge per 1,000 Gallons
First 1,000 gallons or less, minimum	\$19.49
Next 19,000 gallons	\$10.47
All over 20,00 gallons	\$8.31

All over 4,000,000 shall be at a rate to be negotiated between the customer and the Mayor	
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('74 Code, §27-59) (Ord. passed 4-18-77; Am. Ord. passed 9-19-79; Am. Ord. passed 10-19-82; Am. Ord. passed 12-86; Am. Ord. passed 6-19-90; Am. Ord. passed 7-20-92; Am. Ord. 93-19, passed 7-19-93; Am. Ord. 94-16, passed 6-21-94; Am. Ord. 99-09, passed 6-21-99; Am. Ord. 2000-10, passed 6-19-00; Am. Ord. 2003-33, passed 11-19-03; Am. Ord. O-2022-10, passed 6-6-22)

§ 52.12 WATERWORKS CONNECTION CHARGES.

(A) The following fees shall be charged and collected for water connections:

<i>Size of Connection</i>	<i>Connection Charge</i>
5/8 inch tap	\$700.00
1 inch tap	900.00
1-1/2 inch tap	1,600.00
2 inch tap	2,000.00

(B) If the city is required to traverse an existing street, by excavating or otherwise, to make any such connection the reasonable cost of street repairs shall be charged and collected in addition to the appropriate connection fee.

('74 Code, § 27-60) (Ord. passed 4-18-77; Am. Ord. passed 2-18-80; Am. Ord. passed 9-2-86; Am. Ord. passed 8-19-91; Am. Ord. 99-09, passed 6-21-99)

§ 52.13 METER DEPOSITS.

In addition to connection charges as aforesaid, all customers except resident property owners shall pay a meter deposit to the city for water service before such customers shall be entitled to such service. The meter deposit shall be twenty-five dollars (\$25.00) for residential customers and one hundred dollars (\$100.00) for commercial customers. Such deposit, less any unpaid charges, shall be refunded to the customer, his heirs, or assigns, whenever such customer notifies the city legally to disconnect or terminate service to such customer. No meter deposit shall be required of resident property owners.

('74 Code, § 27.60.1) (Ord. passed 4-18-77; Am. Ord. passed 1-21-80; Am. Ord. passed 10-19-82; Am. Ord. passed 9-2-86)

§ 52.14 CHARGE FOR SERVICE CALLS.

A charge of two dollars (\$2.00) for each service trip per location for the purpose of meter readouts, disconnection or connection shall be made.

('74, Code, § 27-61) (Ord. passed 3-4-74; Am. Ord. passed 9-2-86)

§ 52.15 FREE USE OF SEWER PROHIBITED.

No free use of the sewer and facility of the sewer shall be granted or permitted to any user thereof.

('74 Code, § 27-62) (Ord. passed 3-4-74; Am. Ord. passed 9-2-86) Penalty, see § 52.99

§ 52.16 FINDING OF FACT; BASIS OF SEWER CHARGE.

It is determined that the most equitable, accurate and feasible method of ascertaining and measuring use of the facility and service of the city sewers and of designation of a charge of such use is by basing sanitary sewer service rates and charges on the quantity of water supplied to the premises of the respective sewer user may be achieved establishing a minimum monthly sewer service charge and fixing the amount of the monthly sewer service charge a stated percentage of the monthly water bill rendered to the same premises and that adoption of such method will

effect substantial economic savings in preparing those bills. Rates and charges for such use and service are herein established based on these finding of fact subject to exception hereinafter provided.

('74 Code, § 27-63) (Ord. passed 3-4-74; Am. Ord. passed 9-2-86)

§ 52.17 SEWER RATES.

Except as specifically noted herein, residential, commercial, and those industrial customers not participating in the industrial cost recovery program, shall pay sewage service rates based on water purchased from the City. Industries participating in industrial cost recovery shall be charged on metered waste flows. The rates and charges for sewer service furnished by the City shall be based insofar as possible on the number of gallons of water used in each month and are hereby fixed and established on a monthly basis, as follows:

(A) (1) All customers other than wholesale customers beyond the City limits shall be billed eleven and 63/100 dollars (\$11.63) per month, based on water usage, for each one thousand (1,000) gallons of water consumption. The minimum sewer bill for all customers shall be twenty-three and 26/100 dollars (\$23.26) per month, based on water usage of two thousand (2,000) gallons (or less) in each month.

(2) Wholesale customers beyond the city limits shall, as a minimum, be billed for operation, maintenance and replacement costs of the sewer system. The sewer rate for wholesale customers beyond the city limits shall be three and 75/100 dollars (\$3.75) per one thousand (1,000) gallons based on readings of a wastewater meter.

(B) (1) Surcharge. A surcharge will be levied on any customer discharging above twenty five (25) milligrams per liter ammonia nitrogen, two hundred fifty (250) milligrams per liter BOD and three hundred (300) milligrams per liter suspended solids. The charge will be eighty nine cents (\$0.89) per pound of ammonia nitrogen, twenty nine cents (\$0.29) per pound of BOD and eighteen center (\$0.18) per pound of suspended solids.

(2) Method of Billing Surcharges. The excessive strength surcharge shall be based on the following formula, with the total applied to the monthly bill of affected users:

Payment (\$/month)

$$(A(D-250) + B(E-300) + C(F-25)) \times .00834 \times G = \text{Surcharge}$$

Where formula components are as follows:

- (A) Surcharge rate for BOD, in \$/pound.
- (B) Surcharge rate of SS, in \$/pound.
- (C) Surcharge rate for ammonia nitrogen in \$/pound.
- (D) User's average BOD concentration, in mg/l.
- (E) User's average SS concentration, in mg/l.
- (F) User's average ammonia nitrogen concentration, in mg/l.
- (G) User's monthly flow to sewage works, per 1,000 gallons.

(3) No reduction in sewage service charges, fees, or taxes shall be permitted because of the fact that certain wastes discharged to the sewage works contain less than mg/l of BOD, mg/l of SS or mg/l of ammonia nitrogen.

(C) For residential, industrial, institutional and commercial users, monthly user charges will be based on actual water usage. If a residential, industrial, institutional or commercial user has a consumptive use of water, or, in some other manner, uses water which is not discharged into the wastewater collection system, the user charge for that contributor may be based on readings of a wastewater meter(s) or separate water meter(s) installed and maintained at the user's expense.

(D) Sewer rates for large consumers:

(1) For consumers who purchase between \$4,500,000 and 7,000,000 gallons of water per month, the sewer rate for that month shall be \$9 per 1,000 gallons (one unit);

(2) For consumers who purchase more than 7,000,000 gallons of water per month, the sewer rate for that month shall be \$6.75 per 1,000 gallons (one unit); and

Water and Sewer Technical Memorandum

Date: 07/25/2022
Client: City of Madisonville
To: Lincoln Fugal, PE Financial Director – City of Madisonville
From: Josiah Close, Senior Financial Analyst – HDR
Shawn Koorn, Associate Vice President – HDR
Subject: 2022 Water and Sewer Financial Plan - Final

Introduction

The City of Madisonville (City) contracted with HDR Engineering Inc. (HDR) to provide technical and financial assistance in the development of a water and sewer financial plan (Plan). The goal of the Plan was to perform a review of the water and sewer utilities overall financial health. There are three main components – or analysis - of a comprehensive rate study which is shown below in Figure 1.

Figure 1 Overview of the Comprehensive Rate Study Analysis

Revenue Requirement Analysis

Compares the revenues to the expenses of the utility to determine the overall rate revenue adjustment required

Cost of Service Analysis

Distribute the revenue requirement to the various customer classes of service

Rate Design Analysis

Considers both the level and structure of the rate design to collect the target level of revenues

For the City's water and sewer financial plan, only the first analysis (the revenue requirement) was completed. It is important to note that the revenue requirement analysis was performed

individually for the water utility and the sewer utility. This “stand alone” basis approach is developed so that the water revenues only support water utility expenses and likewise for the sewer utility. This approach is prudent and paramount for a sustainable and fully funded utility. After the revenue requirement for both utilities has been established, a rate transition plan for each can be developed that adequately funds the City’s water and sewer operations and maintenance (O&M) expenses and capital improvement needs. While at the same time, the proposed water and sewer rate transition plans seek to maintain strong financial metrics such as target ending reserve balances, debt service coverage ratios, level of rate funded capital, etc.

Briefly mentioned above, a major component of the Plan for the water and sewer utilities were the capital funding plans. The capital funding plans were developed to determine the funding sources for the planned capital improvements utilizing a mix of funding sources such as, annual rate revenues (“pay as you go”), available reserves, and long-term borrowing.

The Plan summarized in this memo includes fiscal year (FY) 2022 and FY 2023 budgets and projected FY 2024 through FY 2032.

Assumptions

HDR worked with the City to develop, review, and refine the assumptions used as inputs in the Plan. These assumptions are identified in general terms in Table 1.

Table 1
Key Financial Plan Assumptions

- Operations and Maintenance (O&M)
- Capital Improvement Plan (CIP)
- Rate and Non-Rate Revenues
- Escalation (inflationary) Factors
- Annual Capital Funding
- Reserve targets

In development of the City’s water and sewer Plan, consideration is also given to the health of critical financial parameters such as reserve fund balances, debt service coverage ratios, rate funded capital, etc., while at the same time attempting to smooth the rate impacts over the review period to the extent possible.

The results presented in this memorandum are based on the assumptions which were reviewed and updated with City staff. The projected rate transition plans for the water and sewer utilities are developed to generate sufficient rate revenue to meet the revenue requirement for both utilities over the review period. The projections from the Plan will aid in making long-term decisions as impacts can be modeled and reviewed with City Staff and the City Council. It is important to note that - regardless of whether the City is able to control them or not - should the assumption inputs used change, the given results for the water and sewer utility in this Technical Memo would also change.

Overview of the Revenue Requirement

The overall financial planning strategy for the City's water and sewer utilities is based on the cash needs approach. The cash needs approach is a generally accepted methodology, as outlined in the American Water Works Association (AWWA) M1 Manual [water] and the Water Environment Federation (WEF) Manual of Practice 27 [sewer]. This approach compares revenues to expenses on an annual basis so that, over the planning period, revenue will be equal to the utility's expenses over the long-term. Provided in Table 2 below is a summary of the cash basis methodology used to develop the water and sewer revenue requirements for the City's Plan.

Table 2
Overview of the Cash Needs Approach

+	Operations and Maintenance Expenses
+	Taxes / Transfer Payments
+	Rate Funded Capital Projects
+	Debt Service Payments (P + I)
=	Total Revenue Requirement
-	Miscellaneous Revenues
=	Net Total Revenue Requirement

This approach is developed for each year of the analysis to determine the overall revenue (rate) adjustments necessary to prudently fund the City's water and sewer utility operating and capital needs.

Revenue Requirements Analyses

The primary financial inputs in the Plan were the City's accounting and financial records, capital plan, and current budget for the water and sewer utilities. Provided below is a detailed discussion of the steps and key assumptions contained within the development of the City's revenue requirement analyses.

Projection of Rate Revenues

For both the water and sewer utilities, the City receives revenues for the utilities from two primary sources: user rates and miscellaneous or non-rate revenue. Rate revenues are based on the current water and sewer rate structure, customer characteristics, and collected on a monthly basis. Miscellaneous or other revenue includes items such as service penalties, interest income, and other miscellaneous revenues.

The first step in developing the revenue requirement was to develop a projection of water and sewer rate revenues. For the City's Plan, HDR utilized the FY 2022 budget for the projection of water and sewer rate revenues. Based on the FY 2022 budget, it is assumed that the City will receive approximately \$4.7 million for both the water and sewer utilities. Over the Plan review period and in discussion with City staff, customer growth is expected to be flat. Given this, the

rate revenues remain at the FY 2022 budgeted levels, before any rate revenue adjustments, for the entirety of the Plan review period.

Projection of Non-Rate Revenue

The City also collects a variety of other revenues for the water and sewer utilities that can offset the overall rate revenue needed. Non-rate revenue includes interest income, sale of scrap, service penalties, and other miscellaneous revenues. In total, these line items amount to approximately \$179,000 for the water utility and \$405,000 for the sewer utility in FY 2022. Non-rate revenues are projected to remain flat just as the rate revenues over the review period. For the water utility, other revenues decrease slightly at first due to a decline in interest revenues as reserve funds decrease then builds to approximately \$179,000 by FY 2032. The sewer utility also has an initial decrease due to a loss of interest revenues and then also increases to approximately \$409,000 in FY 2032.

Operations and Maintenance Expenses

After the development of the revenues, attention switches to the City's operating and maintenance (O&M) expenses to provide service and maintain the water and sewer utilities. O&M expenses are those related to running the day-to-day operations. O&M expenses include labor, benefits, insurance, utilities, etc. The City's FY 2022 and FY 2023 budgets were used as the starting point for the revenue requirement analyses for the water and sewer utilities. The total budgeted O&M expenses for FY 2023 are approximately \$4.9 million for the water utility and \$5.0 million for the sewer utility. The O&M costs are then projected to escalate at annual inflationary rates which are specific to each line item based on known changes or assumed general inflationary rates. It is important to note that the FY 2023 budget includes significant increases in costs related to the substantial inflation of costs in the recent months and years. This is related mostly to chemicals as well as materials and supplies. For the water utility, the FY 2023 budget increases approximately 7.3% and for sewer the increase is approximately 12.9%. Additionally, in discussion with City staff, it was decided to assume additional cost increases of 10% for FY 2024 for chemicals and materials and supplies given current conditions. Details of individual O&M cost escalation factors are shown in Table 3, below.

Table 3
O&M Cost Escalation Factors

Year	Salary	Benefits	Medical Benefits	Materials & Supplies	Equip.	Misc.	Chemicals	Utilities	Insurance
FY 2024	3.5%	4.0%	10.0%	10.0%	4.5%	3.5%	10.0%	4.0%	3.5%
FY 2025	3.0%	3.5%	10.0%	3.0%	4.0%	3.0%	3.0%	3.5%	3.0%
FY 2026	3.0%	3.5%	10.0%	3.0%	4.0%	3.0%	3.0%	3.5%	3.0%
FY 2027	3.0%	3.5%	10.0%	3.0%	4.0%	3.0%	3.0%	3.5%	3.0%
FY 2028	3.0%	3.5%	10.0%	3.0%	4.0%	3.0%	3.0%	3.5%	3.0%
FY 2029	3.0%	3.5%	10.0%	3.0%	4.0%	3.0%	3.0%	3.5%	3.0%
FY 2030	3.0%	3.5%	10.0%	3.0%	4.0%	3.0%	3.0%	3.5%	3.0%
FY 2031	3.0%	3.5%	10.0%	3.0%	4.0%	3.0%	3.0%	3.5%	3.0%
FY 2032	3.0%	3.5%	10.0%	3.0%	4.0%	3.0%	3.0%	3.5%	3.0%

Based on the City’s FY 2023 budget for the water and sewer utilities and the cost escalation assumptions described in Table 3, total annual O&M is expected to increase by FY 2032 to approximately \$6.2 million for the water utility and \$6.6 million for the sewer utility. The average annual increase of approximately for the water utility was 3.9% and the sewer utility was 4.5%. The annual O&M cost projection is included in the City’s sewer revenue requirement and provided in Table 6.

Capital Improvement Plan

The capital improvement plan (CIP) consists of the additions to the water utility and sewer utility infrastructure to provide service to the City’s customers. Capital improvement projects are designed to fulfill a number of different needs, but typically there are four main types:

- Renewal and replacement of the existing system to maintain service levels
- Compliance with new state and/or federal regulations
- Enhancement of the level and reliability of the service provided
- Meet ongoing demands of system growth and economic development

The City provided capital improvement plans for both the water and sewer utilities for the next ten years (FY 2022 – FY 2032). The future years (FY 2023 through FY 2032) were escalated at 2.7% annually in order to reflect the pressures on capital costs from inflationary measures. A key element of the City’s CIP is the evaluation of the water and sewer systems, identifying system deficiencies and renewal and replacement needs, and developing a feasible and sustainable capital funding plan. For the City’s capital funding analyses, the funding for the annual capital improvement needs was provided entirely through annual rates and available reserves for the water utility which means the City is cash funding annual water capital projects. For the City’s sewer utility, in addition to rates and reserves, additional long-term debt is necessary to fund the annual capital projects and more specifically the sewer interceptor project.

An important component of the capital funding plan – and the revenue requirement, ultimately – is the level of rate funding of capital. Rate funding of capital represents the annual amount of

capital that the current rates can fund to accomplish renewal and replacement of the existing water and sewer systems. Rate funding starts in FY 2022 for the water utility at \$100,000 and the sewer utility is \$160,000. Over the review period, the water utility's rate funded capital is increased to \$1.8 million and the sewer utility is increased to \$350,000 a year. The increase in rate funding is a critical element of the City's water and sewer financial plan to provide a sustainable funding source for annual renewal and replacement needs for each system's infrastructure. A summary of the City's CIP is shown below for the water utility in Table 4 and Table 5 for the sewer utility.

Table 4
Summary of the City's Water Capital Improvement Plan (\$000s)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Capital Projects											
Total Filtration Capital	\$868	\$1,330	\$443	\$682	\$300	\$286	\$0	\$0	\$0	\$0	\$0
Total Distribution Capital	767	1,271	955	512	228	200	375	0	0	0	0
Engineering & Stormwater	19	0	0	0	0	0	0	0	0	0	0
Unidentified Future Capital	0	0	402	656	1,172	1,064	1,180	1,750	1,775	1,775	1,775
Transfer to Cash Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Projects	\$1,654	\$2,600	\$1,800	\$2,050	\$1,900	\$1,750	\$1,755	\$1,750	\$1,775	\$1,775	\$1,775
Funding Sources											
Operating Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Fund	1,554	95	0	0	0	0	0	0	0	0	0
Grant	0	380	0	0	0	0	0	0	0	0	0
New Low Interest Loan	0	0	0	0	0	0	0	0	0	0	0
Additional Revenue Bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funding Sources	\$1,554	\$475	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rate Funded Capital	\$100	\$2,125	\$1,800	\$2,050	\$1,900	\$1,750	\$1,755	\$1,750	\$1,775	\$1,775	\$1,775

Table 5
Summary of the City's Sewer Capital Improvement Plan (\$000s)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Capital Projects											
Total Collection Projects	\$1,007	\$17,490	\$532	\$222	\$116	\$119	\$123	\$126	\$129	\$133	\$136
Total Treatment Projects	1,001	709	1,846	650	111	143	0	0	0	0	0
Engineering & Stormwater	18,685	0	0	0	0	0	0	0	0	0	0
Future Unidentified Capital	0	0	0	0	98	78	227	224	221	217	214
Transfer to Capital Reserve	<u>0</u>	<u>0</u>	<u>402</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Improvements	\$2,027	\$18,198	\$2,780	\$871	\$325	\$340	\$350	\$350	\$350	\$350	\$350
Funding Sources											
Operating Fund	\$537	\$1,842	\$0	\$371	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Fund	1,330	0	0	0	0	0	0	0	0	0	0
Grant	0	0	0	0	0	0	0	0	0	0	0
New Low Interest Loan	0	0	0	0	0	0	0	0	0	0	0
Additional Revenue Bonds	<u>0</u>	<u>15,732</u>	<u>2,545</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funding Sources	\$1,867	\$17,573	\$2,545	\$371	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rate Funded Capital	\$160	\$625	\$235	\$500	\$325	\$340	\$350	\$350	\$350	\$350	\$350

As can be seen in Table 4 and Table 5, the level of capital projects for the City varies from year to year over the review period. The rate funded capital provides a stable source of funding for capital on an annual basis. As of note, the water utility reaches a higher level of annual rate funded capital which is mainly due to the sewer utility issuing long-term debt for the interceptor project. This means that there is less revenues after the O&M expenses are funded and less available for annual capital funding. The rate funded capital component of model is developed to smooth the impacts from any one year as well as start planning to fund years with larger expenditures earlier thereby minimizing rate impacts to customers and maintaining a smooth rate transition. Additionally, this creates a more predictable rate transition plan for customers and aids City management in making informed decisions so as to continue to be good stewards of the City water and sewer funds and resources.

Debt Service Costs

The next component of the City's water and sewer revenue requirements is long-term debt service. Debt service relates to the City's annual debt repayment obligations - both principal and interest - incurred when capital projects are financed with long-term borrowing. Utilities frequently finance major capital improvements – such as the sewer interceptor project - by issuing long-term debt for two primary reasons. First, the financial resources required for larger projects typically exceed the utility's available resources from the normal operation of its system. Second, spreading the debt service costs for the project over the repayment period effectively spreads the financial burden of financing large improvements to both existing and future users of the system. This burden sharing allows the utility to more closely align the cost of improvements with those customers benefiting from the improvements.

Currently, the City has multiple outstanding long-term debt issues. For the water utility it is responsible for 50% of the 2012 Refunding Bond which has an annual payment of approximately \$518,000 per year. The sewer utility is responsible for the other 50% of the 2012 Refunding Bond as well as two Kentucky Infrastructure Authority (KIA) low interest loans. The total annual debt service payment is approximately \$631,000 per year. As mentioned previously, it is projected that the City will fully fund annual capital improvement projects from water rate revenues and available reserves, and as such it is not anticipated that the City will issue any new long-term debt for the water utility. For the sewer utility, however, it is projected that the City will need to issue additional long-term debt in order to fund the interceptor project. The projected annual debt service for the new issuance is approximately \$1.4 million.

It should be noted that as part of this planning process HDR is not acting as the City's municipal advisor related to debt issuance, instruments, or terms.

Reserve Funds

The final component in the development of the City's water and sewer revenue requirements are reserve funds. Reserve funds are a critical component to prudent financial management of the water and sewer utility and healthy reserve levels provide many benefits. Adequate reserve levels can provide the City with necessary funding during an emergency capital need or in times

of a natural disaster. Having healthy reserve balances will also provide the City with an additional buffer should capital costs come in higher than anticipated or an unforeseen interruption of rate revenues. These scenarios show how adequate reserve levels would help in minimizing the impacts to rates in the short-term. In the longer term, they can help provide a slow and steady approach to rate revenue adjustments which is beneficial to the City's customers.

There are various types of reserve funds that a utility can establish. This can be an operating fund, a capital fund, a rate stabilization, etc. For this Plan, the assumption was to develop an operating fund. An operating fund typically has a minimum target set at between 90 and 180 days of O&M expenses which allows the City to achieve the goals of a reserve fund as discussed above for the water and sewer utility.

Currently, the City does not have any identified target reserve fund balance for the water and sewer utilities. For purposes of rate setting, a target of 90 days was used and the remaining funds were moved to the capital reserve to be made available to fund capital improvements. The water utility appears adequate reserves maintaining the 90 day target for O&M and over \$1.0 million in the capital reserve for future projects. The reserve levels for the sewer utility are not as strong as the water utility mainly due to the issuance of long-debt to fund the interceptor project. Over the period, the operating fund is slightly below the target and capital funds remain around \$30,000.

Summary of the Revenue Requirement

The revenue requirement analysis that was developed for the City's water and sewer utilities - and detailed above - has calculated the necessary rate revenue adjustments over the time period reviewed. These rate revenue adjustments have been developed to fully fund the City's O&M and capital requirements over the review period (FY 2022 – FY 2032). As part of each analysis, careful attention was given to maintaining adequate funding the water and sewer utilities' O&M expenses as well as sufficiently funding capital improvement projects through annual rate funding of capital improvement projects. As was mentioned previously, the City aims to couple this prudent financial planning with minimizing long-term rate impacts to its customers while maintaining the current level of service. These goals were also targeted with the goal of maintaining key financial planning metrics such as adequate reserve levels and prudent renewal and replacement funding.

A summary of the City's water revenue requirement is shown in Table 6 and Table 7 shows the summary of the sewer revenue requirement.

Table 6
Summary of the Water Revenue Requirement (\$000s)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Revenues											
Total Rate Revenues	\$4,675	\$4,675	\$4,675	\$4,675	\$4,675	\$4,675	\$4,675	\$4,675	\$4,675	\$4,675	\$4,675
Total Other Revenues	<u>179</u>	<u>177</u>	<u>156</u>	<u>159</u>	<u>163</u>	<u>166</u>	<u>170</u>	<u>173</u>	<u>175</u>	<u>177</u>	<u>179</u>
Total Revenues	\$4,854	\$4,852	\$4,831	\$4,834	\$4,838	\$4,841	\$4,845	\$4,848	\$4,850	\$4,852	\$4,854
Expenses											
Total O&M	\$4,228	\$4,537	\$4,804	\$4,956	\$5,114	\$5,276	\$5,444	\$5,617	\$5,797	\$5,982	\$6,173
Rate Funded Capital	100	2,125	1,800	2,050	1,900	1,750	1,755	1,750	1,775	1,775	1,775
Net Debt Service	518	521	521	119	119	119	119	119	119	119	119
To / (From) Reserves	<u>7</u>	<u>6</u>	<u>44</u>	<u>46</u>	<u>42</u>	<u>34</u>	<u>40</u>	<u>54</u>	<u>36</u>	<u>41</u>	<u>46</u>
Total Expenses	\$4,854	\$7,190	\$7,169	\$7,171	\$7,175	\$7,179	\$7,358	\$7,541	\$7,727	\$7,917	\$8,113
Bal / (Def) of Funds	\$0	(\$2,338)	(\$2,338)	(\$2,338)	(\$2,338)	(\$2,338)	(\$2,513)	(\$2,693)	(\$2,877)	(\$3,065)	(\$3,259)
Bal as a % of Rate Adj	0.0%	50.0%	50.0%	50.0%	50.0%	50.0%	53.8%	57.6%	61.5%	65.6%	69.7%
Proposed Rate Adj.	0.0%	50.0%	0.0%	0.0%	0.0%	0.0%	2.5%	2.5%	2.5%	2.5%	2.5%
Add'l Revenue	\$0	\$2,338	\$2,338	\$2,338	\$2,338	\$2,338	\$2,513	\$2,693	\$2,877	\$3,065	\$3,259
Total Bal. / (Def.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 7
Summary of the Sewer Revenue Requirement (\$'000s)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Revenues											
Total Rate Revenues	\$4,730	\$4,730	\$4,730	\$4,730	\$4,730	\$4,730	\$4,730	\$4,730	\$4,730	\$4,730	\$4,730
Total Other Revenues	405	405	379	383	385	389	393	397	401	405	409
Total Revenues	\$5,135	\$5,135	\$5,109	\$5,113	\$5,115	\$5,119	\$5,123	\$5,127	\$5,131	\$5,135	\$5,139
Expenses											
Total O&M	\$4,315	\$5,027	\$5,189	\$5,326	\$5,493	\$5,668	\$5,848	\$6,034	\$6,226	\$6,424	\$6,629
Rate Funded Capital	160	625	235	500	325	340	350	350	350	350	350
Net Debt Service	631	1,843	2,038	1,636	1,637	1,636	1,636	1,636	1,636	1,636	1,579
To / (From) Reserves	29	5	12	16	25	18	13	18	21	23	80
Total Expenses	\$5,135	\$7,500	\$7,474	\$7,478	\$7,480	\$7,661	\$7,847	\$8,037	\$8,233	\$8,432	\$8,638
Bal / (Def) of Funds	\$0	(\$2,365)	(\$2,365)	(\$2,365)	(\$2,365)	(\$2,542)	(\$2,724)	(\$2,911)	(\$3,102)	(\$3,297)	(\$3,498)
Bal as a % of Rate Adj	0.0%	50.0%	50.0%	50.0%	50.0%	53.8%	57.6%	61.5%	65.6%	69.7%	74.0%
Proposed Rate Adj.	0.0%	50.0%	0.0%	0.0%	0.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Add'l Revenue	\$0	\$2,365	\$2,365	\$2,365	\$2,365	\$2,542	\$2,724	\$2,911	\$3,102	\$3,297	\$3,498
Total Bal. / (Def.)	\$0	\$0	\$0	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0

The water and sewer revenue requirement developed for the City aims to develop a projection of adequate rate adjustments over the review period. The cumulative deficiency for the water utility over the review period is approximately \$3.3 million. For the sewer utility, the cumulative deficiency is slightly higher at \$3.5 million due to the increase in debt service costs related to the interceptor project. The total revenue requirement for the water utility increases on average 6.0% per year due to inflationary pressures on the O&M expenses and the increase in capital funding through rates. For the sewer utility, the revenue requirement also increases an average of 6.0% per year due to the increase in O&M expenses and the impact of additional long-term debt service cost. In order to fully fund the City's water utility, it is proposed to increase rate revenues by 50.0% in FY 2023 and then annually by 2.5% in FY 2028 through FY 2032. For the City's sewer utility, it is proposed that the rate revenues be increased by 50.0% in FY 2023 and then annually by 2.5% from FY 2027 to FY 2032.

Conclusion of the 2022 Water and Sewer Financial Plan

This concludes the City's 2022 water and sewer financial plan. There are several assumptions developed as part of the analyses and reviewed with City staff. Given the assumptions, the results of the Plan are dynamic in nature and can easily change if key assumptions change. For this reason, the Plan is best described as a planning tool for the City's water and sewer utilities and the actual results for the end of the review period may vary from what the City sees in the future.

However, based on the assumptions and results of this analysis, HDR determined that the City would meet its water and sewer utility financial goals with annual rate revenue adjustments of in FY 2023 through FY 2032. The results of the water and sewer analyses enable the City to maintain prudent financial management of the utilities by providing adequate funding of O&M. Additionally, the rate revenues generated should provide sufficient levels of rate funding for capital. When combined, these attributes give the City both a stable financial footing going forward as well as enough flexibility to overcome any obstacles that might arise while attempting to minimizing the rate impacts to its customers over the long-term.



Water Rate Study

City of Madisonville, KY

June, 2019

Revised October 2019



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Introduction

The objectives of this “Water Rate Study” are as follows:

- Review the existing water distribution and treatment system facilities.
- Review existing water user charge system.
- Summarize existing water flow data and water demand by water customers.
- Summarize existing operation, maintenance, and replacement (OM&R) costs, and revenues from water billings.
- Summarize existing debt service schedules related to the water system.
- Present a five-year capital improvements plan for the water distribution and treatment systems.
- Project required revenue for the next five fiscal years.
- Proposed new water user charge system.
- Discuss implementation of the new water user charge system.

Madisonville is the county seat of Hopkins County in west-central Kentucky. At the time of the 2010 Census, the City’s population was 19,591 and the population of Hopkins County was 46,920. Population projections for the year 2015, and for future years from 2020 through 2040, were obtained from the Kentucky State Data Center at the University of Louisville. Population projections developed by the University of Louisville Urban Studies Institute (USI), and published in the Projections of Populations and Households (2016). The population projections are presented in Table 1.

Table 1
Population Projections
 Madisonville, Kentucky

Year	Population ¹	
	City of Madisonville	Hopkins County
2010	19,591	46,920
2015	19,300	46,222
2020	19,025	45,565
2025	18,648	44,661
2030	18,185	43,549
2035	17,661	42,293
2040	17,075	40,890

Notes:¹ Census data used for 2010 populations for both City of Madisonville and Hopkins County. Projections for 2015-2040 for both City of Madisonville and Hopkins County from Kentucky State Data Center, University of Louisville.

Existing Facilities

The water distribution system is made up of approximately 200 miles of main lines. These lines are constructed of different materials with 1% being galvanized pipe, 13% PVC, 39% cast iron, and 47% ductile iron. The water mains range in size from 2" to 16". The system also has 1420 fire hydrants and 83 dead end valves. The water distribution system serves approximately 10,000 customers, residential as well as commercial, with services ranging from ¾ inch to 10 inches. The City of Madisonville has 4 water storage tanks. J. W. McCoy (1,000,000 gallons), Homer Welborn (1,000,000 gallons), Harold Berry (1,100,000 gallons) and Grampian Hills (3,000,000 gallons).

The Water Treatment Plant (WTP) serves the entire city. Construction began in 2006 for the Water Filtration Membrane Plant in 2006 and went online in 2008. The Madisonville Water Filtration Plant produces approximately 4.5 million gallons of drinking water per day, but has the capacity of 8.0 million gallons per day. Madisonville's source of water comes from Lake Pee Wee and is supplemented in the dry months by a pump station and an 18-mile pipeline from the Green River.

The plant currently serves the City of Madisonville, and wholesale customers in Hanson, Nebo Water District, North Hopkins Water District and South Hopkins Water District.



Existing User Charge System

Madisonville’s current user charges have been in effect since November 2003. The rates are summarized in Table 2.

Table 2
Existing Water Rates
Madisonville, Kentucky

Customer Classification	Rate
Water – Inside City (minimum bill based on 1,000 gallons/month)	<ul style="list-style-type: none"> • \$8.66 for first 1,000 gal • \$4.65 for each 1,000 gal beyond up to 19,000 gal • \$3.69 for each 1,000 gal beyond 20,000 gal
Water – Outside City (minimum bill based on 1,000 gallons/month)	<ul style="list-style-type: none"> • \$12.99 for first 1,000 gal • \$6.98 for each 1,000 gal beyond up to 19,000 gal • \$5.54 for each 1,000 gal beyond 20,000 gal
Wholesale Customers ¹ <ul style="list-style-type: none"> • Hanson • Nebo Water District • South Hopkins Water District • North Hopkins Water District 	<ul style="list-style-type: none"> • \$3.32/1,000 Gal • \$4.52/1,000 Gal • \$4.52/1,000 Gal • \$4.52/1,000 Gal

Note: ¹ Rates are adjusted annually per agreement between Madisonville, Hanson, Nebo, South Hopkins, and North Hopkins Water Districts.

Water Tap Fees have been established for the additional cost associated with adding new customers. Current Tap Fees are summarized in Table 3.

Table 3

Existing Tap Fees

Madisonville, Kentucky

Meter Size	Tap Fee
5/8" x 3/4"	\$700
1-inch	\$900
1 1/2 - inch	\$1,500
2-inch	\$2,000

Tap fees should be evaluated periodically to ensure they are adequate to cover the labor and material costs associated with the installation of the new meters.

Information was provided by the City of Madisonville on the average meter cost by size. Current meter sizes and meter costs are provided in Table 4.

Table 4

Existing Meter Information

Madisonville, Kentucky

Meter Size	Meter Cost	Meter Count
5/8" x 3/4"	\$194.85	9,749
3/4"	\$238.21	52
1-inch	\$302.02	400
1 1/2-inch	\$667.33	80
2-inch	\$858.28	122
2-inch Mag	\$2,324.00	3
3-inch	N/A	3
3-inch Mag	\$2,470.00	12
4-inch	\$2,537.00	7
6-inch	\$2,845.00	5
8-inch	N/A	1
10-inch	\$3,761.87	1

Existing Flow and Water Demand Data

A three-year summary of flow data from the WTP is presented in Table 5. The average flow increased approximately 11.5% from an average of 3.73 MGD in 2016 to 4.16 MGD in 2018. Even with this increase over the past several years, the plant has plenty of capacity remaining for the foreseeable future.

Table 5
WTP Water Demand Data
Madisonville, Kentucky

Month	Treated Water Flow (MDG) ¹					
	2016		2017		2018	
	Monthly Treated (MG)	Average Daily Treated (MGD)	Monthly Treated (MG)	Average Daily Treated (MGD)	Monthly Treated (MG)	Average Daily Treated (MGD)
January	117	3.78	120	3.88	143	4.61
February	110	3.92	103	3.69	112	4.01
March	111	3.57	109	3.53	115	3.70
April	111	3.70	107	3.58	114	3.80
May	109	3.53	114	3.69	130	4.19
June	120	4.01	121	4.04	123	4.08
July	118	3.80	129	4.19	140	4.52
August	118	3.82	137	4.43	153	4.94
September	117	3.89	115	3.85	148	4.60
October	109	3.51	127	4.89	128	4.12
November	105	3.49	118	3.95	112	3.73
December	116	3.73	140	4.53	111	3.57
Average	113	3.73	120	4.02	127	4.16

Notes: ¹Flow Data provided by the City of Madisonville

Water billed data from fiscal year 2018 is presented in Table 6. The data is taken from Madisonville's billing records. Water billings by water customers, including wholesale customers Hanson, Nebo, North Hopkins, and South Hopkins, totaled 2.70 MGD in 2018. This is significantly less than the production from the water treatment plant (4.16 MGD) for calendar year 2018.

Table 6
Water Billed Summary (Water Customers)
 Madisonville, Kentucky

Year	Water Billed (MGD) ¹					Total Sales
	Residential	Commercial	Industrial	Wholesale ²	Other	
2018	1.01	0.63	0.29	0.70	0.07	2.70

Notes: ¹All data provided by Madisonville. Billing records were received on May 9, 2019

² Includes Hanson, Nebo, North Hopkins, and South Hopkins Water Districts.

The water billed to Hanson, Nebo, North Hopkins and South Hopkins Water Districts averaged 0.148 MGD, 0.289 MGD, 0.238 MGD, and 0.019 MGD respectively. The water use data indicates a high percentage of unaccounted-for water in the City (approximately 35 percent). A typical unaccounted-for water range for most water utilities is 10 to 20 percent. This means for every 20 gallons of finished water produced at the Water Treatment Plant, only 13 gallons are sold. The unaccounted-for water may be due to leaks in the system, inaccurate meters, unauthorized connections, or other factors. It is recommended that the City investigate the causes of the unaccounted-for water, including reviewing their meter replacement program. A ten-year cycle for replacing all meters is recommended. It is especially important that large meters be tested and replaced on a regular schedule. The City should also consider hiring a consultant to conduct a water loss analysis or audit. Decreasing the unaccounted-for water would improve the utility's financial performance.

Water Revenues and Expenses

A summary of water system expenses and revenues for fiscal year 2018 presented in Table 7.



Table 7
Summary of Water Expenses and Revenues¹
 Madisonville, Kentucky

FY 2018	
OM&R² Expense	
Distribution	\$1,315,088
Treatment	\$1,583,989
Depreciation	\$1,221,686
Other ³	\$390,467
Total OM&R Expense	\$4,511,230
Long Term Debt Service	\$1,223,719
Total Required Revenue	\$5,734,869
Actual Revenue	\$4,783,523
Difference	(951,346)

Notes: ¹All figures were taken from Madisonville’s Comprehensive Annual Financial Reports.

² OM&R – Operations, Maintenance, and Replacement

³ Includes other expenses and power purchased. Split equally between the water and sewer funds.

Existing debt service requirements related to the water system are summarized in Table 8. This information was taken from the City’s Comprehensive Annual Financial reports for FY 2017 and FY 2018.



Table 8
Debt Service Requirements – Water System
Madisonville, Kentucky

Total Principal and Interest Requirements ¹			
Fiscal Year	Series 2012	KLC Funding Trust	Total Requirement
2018	\$1,043,346	\$180,373	\$1,223,719
2019	\$1,040,996	\$75,450	\$1,116,446
2020	\$1,043,296		\$1,043,296
2021	\$1,040,246		\$1,040,246
2022	\$1,036,896		\$1,036,896
2023	\$1,042,196		\$1,042,196
2024	\$1,041,076		\$1,041,076
2025	\$238,156		\$238,156
2026	\$238,594		\$238,594
2027	\$238,669		\$238,669
2028	\$238,375		\$238,375
2029	\$237,694		\$237,694
2030	\$236,619		\$236,619
2031	\$240,184		\$240,184
2032	\$238,387		\$238,387
2033	\$236,294		\$236,294
2034	\$238,819		\$238,819
	\$9,669,843	\$255,823	\$9,925,666

Note: ¹ From Madisonville's Comprehensive Annual Financial Reports, for FY 2017 and FY 2018.

Capital Improvements Plan - WTP

The City has developed five-year Capital Improvement Plans (CIP) for both the Water Distribution department and the Water Treatment Plant.

The major project necessary at Water Treatment Plant is the rehabilitation of the Green River Pumping Station. As mentioned previously, during dry months, the pump station and an 18-mile pipeline to the Green River replenishes 9.0 million gallons of water per day. From discussions with Chris Spriggs, Superintendent, this project is the highest



priority in the five year capital improvement plan. The cost of the rehabilitation is estimated at \$1.1 million. Other projects include rehabilitation of the J. W. McCoy Water Storage Tank, applying inner and outer coating to the North and South Clear wells, removing and replacing inner coating on the membrane tanks, and switch disinfection type from Sodium Hypochlorite to onsite generation of MIOX.

Capital Improvements Plan – Distribution System

The five-year CIP for the water distribution system includes looping lines, replacing lines, and replacing fire hydrants. These improvements help to decrease water age, replace aging and undersized lines, along with increasing flow and pressure in certain areas of the system.

A summary of a five-year CIP is presented in Table 9. The cost estimates for future years include inflation at a rate of five percent annually. A summary of large (total cost exceeding \$500,000) capital projects included in the five-year plan is presented in Table 9. It is assumed that projects with a budget over \$500,000 will require the City to borrow funds.

Table 9
Five-Year Water Capital Improvements Plan¹
Madisonville, Kentucky

Fiscal Year	Department	Project/Item	Budget Cost
2020	Distribution	Looping Lines (Phase 1)	\$50,000
2020	Distribution	Bartlett Ave. to End of College Street	\$45,000
2020	Distribution	Distribution Panels	\$75,000
2020	Distribution	Fire Hydrants	\$20,000
2020	Treatment	Green River Pumping Station	\$1,100,000
2021	Distribution	Lake Pee Wee Road to Ada Lane	\$210,000
2021	Distribution	Green River Pipe Line	\$31,500
2021	Distribution	Looping Lines	\$52,500
2021	Distribution	Kentucky Street & Hall Street	\$25,000
2021	Distribution	Fire Hydrants	\$21,000
2021	Treatment	J.W. McCoy Water Storage Tank	\$630,000
2022	Distribution	Hanson Road	\$220,500
2022	Distribution	E. Broadway (Park Ave – S. Dave St.)	\$66,150
2022	Distribution	Fire Hydrants	\$22,050
2022	Treatment	N. & S. Clear wells (Coating)	\$275,625
2023	Distribution	Hanson Road	\$231,525
2023	Distribution	McPherson & Woodland Drive	\$46,305
2023	Distribution	Hartland Ave. – Eastview Drive	\$40,517
2023	Distribution	Fire Hydrants	\$23,153
2023	Treatment	Membrane Tanks (Coating)	\$144,703
2024	Distribution	Honeysuckle Drive (S. Main – Clearview Drive)	\$243,101
2024	Distribution	W. Broadway (College St. – Boggess Blvd.)	\$30,388
2024	Distribution	Fire Hydrants	\$24,310
2024	Treatment	Miox Conversion	\$607,753

Notes: ¹Budget Costs include inflation rate of five percent annually starting in FY 2021.



Table 10
Planned Capital Improvements – Large Projects¹
 Madisonville, Kentucky

Fiscal Year	Department	Project/Item	Estimated Project Cost ²	Committed Funds
2020	Treatment	Green River Pumping Station	\$1,100,000	0
2021	Treatment	J. W. McCoy Water Storage Tank	\$630,000	0
2024	Treatment	MIOX Conversion	\$607,753	0

Notes: ¹From Table 9; projects with budget cost exceeding \$500,000

² Budget costs include inflation rate of five percent annually starting in FY 2021.

Required Revenue

Revenue requirements for future years will include operation, maintenance, and replacement (OM&R) costs, capital improvement costs, existing long-term debt service requirements, and future long-term debt service requirements.

An annual inflation rate of five percent was used for all OM&R and capital costs in future years. As previously stated, it was assumed that capital projects with a budget over \$500,000 will require the City to borrow funds. Annual debt service were based on a 20-year term, an interest rate of six percent, and debt service coverage factor of 25 percent of the required payment.

The estimated required revenue for the next five fiscal years (FY20 through FY24) is summarized in Table 11. The required revenue peaks at over \$7.096 million in FY24.



Table 11
Annual Revenue Required¹
Madisonville, Kentucky

Fiscal Year	Annual OM&R ^{2,3}	Depreciation ⁴	Capital Projects ⁵	Existing Long-Term Debt ⁶	Future Long-Term Debt ⁷	Debt Service Coverage ⁸	Total Required Revenue
2020	\$3,608 ⁹	\$1,121	\$190	\$1,043	\$95 ¹⁰	\$24	\$6,081
2021	\$3,788	\$1,121	\$341	\$1,040	\$149 ¹¹	\$37	\$6,476
2022	\$3,977	\$1,121	\$584	\$1,037	\$149	\$37	\$6,905
2023	\$4,176	\$1,121	\$440	\$1,042	\$149	\$37	\$6,965
2024	\$4,385	\$1,121	\$298	\$1,041	\$201 ¹²	\$50	\$7,096

- Notes:
- ¹ All costs in thousands of dollars.
 - ² OM&R – Operations, Maintenance, and Replacement Costs.
 - ³ Costs assumed to increase 5 percent per year for inflation.
 - ⁴ Depreciation from FY 2019 budget. Assumed constant for future years.
 - ⁵ Includes all projects in 5-year plan with budget of \$500,000 or less.
 - ⁶ From Table 8.
 - ⁷ Based on 6 percent interest over a 20 year term. Capital Recovery Factor (CRF) = 0.0872
 - ⁸ Amount is 25 percent of future long-term debt.
 - ⁹ From FY 2019 Budget plus 5 percent inflation.
 - ¹⁰ Debt service from \$1,100,000 project (Green River Pumping Station)
 - ¹¹ Includes debt service for \$630,000 (J.W. McCoy Storage Tank)
 - ¹² Includes debt service for \$607,753 (MIOX conversation)

Wholesale Rate Calculations

As mentioned previously, Madisonville sells water to the City of Hanson, Nebo Water District, North Hopkins Water District, and South Hopkins Water District. The wholesale rate for Hanson is determined by dividing water treatment costs, water treatment depreciation, and debt service requirements (2012 Bond), by the total billed in gallons.

The calculated wholesale rates for Nebo, North Hopkins and South Hopkins is a more complicated formula that allocates a percentage of shared capital costs divided by the total billed in gallons.



On the request of the City of Madisonville, we have traditionally calculated the rate for the City of Hanson, however have adjusted their rate to match the other wholesale customers for uniformity.

The FY 2020 calculated rates for all each wholesale customer is presented in Table 12. For detailed calculations please see Appendix B.

Table 12

2020 Rate Calculation for Hanson, Nebo Water District, North Hopkins Water District and South Hopkins Water District¹

Madisonville, Kentucky

Wholesale Customers	2020 Rate
<ul style="list-style-type: none"> • Hanson • Nebo Water District • South Hopkins Water District • North Hopkins Water District 	<ul style="list-style-type: none"> • \$3.61/1,000 Gal (Traditional) • \$4.52/1,000 Gal (Adjusted) • \$4.52/1,000 Gal • \$4.52/1,000 Gal • \$4.52/1,000 Gal

Notes: ¹From rate computation by Berry Kington & Utley, PSC Certified Public Accountants.

This method of wholesale rate calculation relies on accurate metering of the water flows to each wholesale customer.

For purposes of establishing required rates for Madisonville, we will assume that the rates for each wholesale customer will continue to be calculated as they have in the past, with the exception of the City of Hanson which would be adjusted for uniformity with the other wholesale customers. Projected (2024) rates for each city are presented in Table 13. For the purposes of this calculation, capital costs are expected to increase at a rate of 5% a year and billed gallons and depreciation are assumed to be constant.



Table 13

2024 Rate Calculation for Hanson, Nebo Water District, North Hopkins Water District and South Hopkins Water District

Madisonville, Kentucky

Wholesale Customers	2024 Rate
<ul style="list-style-type: none"> • Hanson 	<ul style="list-style-type: none"> • \$5.49/1,000 Gal (Adjusted)
<ul style="list-style-type: none"> • Nebo Water District 	<ul style="list-style-type: none"> • \$5.49/1,000 Gal
<ul style="list-style-type: none"> • South Hopkins Water District 	<ul style="list-style-type: none"> • \$5.49/1,000 Gal
<ul style="list-style-type: none"> • North Hopkins Water District 	<ul style="list-style-type: none"> • \$5.49/1,000 Gal

Madisonville Water Area Rate Calculations

Once the wholesale rates are estimated, the required rates for the Madisonville service area can be calculated. The required revenue in FY 2024 is estimated at \$7.096 million, as presented in Table 11. Based on current water usage, the estimated annual revenue for Hanson, Nebo, South Hopkins, and North Hopkins at the proposed water rates would be approximately \$1.412 million. The remainder of the revenue, \$5.684 million, must be generated by users in the Madisonville service area.

The rate calculations for the Madisonville service area have been calculated in two different ways. The first method for the Madisonville service area is presented in Table 14. This creates a uniform rate per 1,000 gallons inside the City limits. The first column illustrates the rate required for the City Water Fund to “break even” in FY 2020, the second column calculates the required rate for FY 2024.



Table 14
Madisonville Service Area Rate Calculation
Madisonville, Kentucky

Item	FY 2020	FY 2024
OM&R	\$3,608,000 ¹	\$4,385,000 ¹
Depreciation	\$1,121,000 ¹	\$1,121,000 ¹
CIP	\$190,000 ¹	\$298,000 ¹
Existing Debt Service	\$1,043,000 ¹	\$1,041,000 ¹
Future Debt Service	\$119,000 ^{2,1}	\$251,000 ^{2,1}
Wholesale Adjustment	(\$1,162,635) ³	(\$1,412,137) ⁴
Total Required Revenue	\$4,918,365	\$5,683,863
Water Consumption (thousands of gallons)	728,540 ⁵	728,540 ⁵
Required Rate/1,000 gallons⁶	\$6.75	\$7.80

Notes: ¹From Table 11

²Includes Debt Service Coverage (25 percent)

³Annual average billings for wholesale customers, as provided by the City of Madisonville.

⁴Based on average billings for wholesale customers at projected rates.

⁵2018 Water Billings less flows for wholesale customers.

⁶Required Revenue divided by water consumption.

Using this calculation, customers that currently pay the minimum bill (1,000 gallons) would see a decrease in their monthly water bill over current rates. On average, a household that uses 4000 gallons of water per month will see an increase of 19.4% from current rates in FY 2020 and then an additional 15.6% through FY 2024.

Table 15 presents the required rates, total percent increase, and annualized increase for 2003 (existing rate), 2020 (break even rate), and 2024 (projected rate).



Table 15

Madisonville Service Area Rate Calculation – Inside City Limits – Single Rate Per 1000 gallons used

Madisonville, Kentucky

Year	Average Bill – 4000 Gallons per Month	Total % Increase	Annualized
2003/Existing	\$22.61	--	--
2020/(Break Even)	\$27.00	19.4%	1.05% / 17 Years
2024 (Projected)	\$31.20	15.6%	3.68% / 4 years

The rates for outside the City limits should also be adjusted by this same percentage. Table 16 presents the proposed rate for customers outside the City limits.

Table 16

Madisonville Service Area Rate Calculation – Outside City Limits

Madisonville, Kentucky

FY 2020	FY 2024
Water – Outside City (minimum bill based on 1,000 gallons/month) <ul style="list-style-type: none"> • \$15.51 for first 1,000 gal • \$8.33 for each 1,000 gal beyond up to 19,000 gal • \$6.61 for each 1,000 gal beyond 20,000 gal 	Water – Outside City (minimum bill based on 1,000 gallons/month) <ul style="list-style-type: none"> • \$17.93 for first 1,000 gal • \$9.63 for each 1,000 gal beyond up to 19,000 gal • \$7.64 for each 1,000 gal beyond 20,000 gal

The second method of rate calculation was keeping the same structure the City currently has and adjusting each usage threshold accordingly. Using this method, every customer’s minimum bill would increase, however an average household that uses 4000 gallons per month would pay the same amount (\$27.00) as a proposed uniform rate increase. Table 17 presents the required rates, for 2020 (break even rate) and 2024 (projected rate) for this method.



Table 17

Madisonville Service Area Rate Calculation – Inside City Limits – Structured Rate
Per 1000 gallons used

Madisonville, Kentucky

FY 2020	FY 2024
<p>Water – Inside City (minimum bill based on 1,000 gallons/month)</p> <ul style="list-style-type: none"> • \$10.34 for first 1,000 gal • \$5.55 for each 1,000 gal beyond up to 19,000 gal • \$4.41 for each 1,000 gal beyond 20,000 gal 	<p>Water – Inside City (minimum bill based on 1,000 gallons/month)</p> <ul style="list-style-type: none"> • \$11.95 for first 1,000 gal • \$6.42 for each 1,000 gal beyond up to 19,000 gal • \$5.10 for each 1,000 gal beyond 20,000 gal

The rates for outside the City limits would be the same as presented in Table 16 above.

Each of the two methods has its advantages and disadvantages. For the flat rate, the typical resident or low water users will not see as much of a difference in their monthly rate. With the flat rate method, as the usage increases, the increase in the bill would be exponentially greater. Therefore, the top use customers would see the biggest increase in their monthly bill. The structured rate increase method affects everyone equally. On average, in 2020, the monthly bill will increase around 19.4% across the board. The main difference between the two methods is for the flat rate, the users who currently use the most water will see significant increase, while the structured rate increase treats everyone equally regardless of the use. In order to show this difference in how the methods affect the top twenty customers, refer to Table 18.

Table 18
Rate Method Comparison – Top 20 Customers (FY 2020)

Madisonville, Kentucky

Customer	May 2019 Usage (1000 Gal)	Existing Bill	Proposed Flat Rate (\$6.75/1000)	% Increase	Proposed Structured Rates	% Increase
Land O'Frost	2157	\$7,982.54	\$14,559.75	82.39%	\$9,539.96	19.51%
Trover Foundation	1612	\$5,971.49	\$10,881.00	82.22%	\$7,136.51	19.51%
IAC Madisonville, LLC	560	\$2,089.61	\$3,780.00	80.89%	\$2,497.19	19.51%
CSX Trans. – 02010	528	\$1,971.53	\$3,564.00	80.77%	\$2,356.07	19.50%
GE Aircraft Engine	351	\$1,318.40	\$2,369.25	79.71%	\$1,575.50	19.50%
Electro-cycle	340	\$1,277.81	\$2,295.00	79.60%	\$1,526.99	19.50%
Ridgewood Terrace	295	\$1,111.76	\$1,991.25	79.11%	\$1,328.54	19.50%
Rexam Closures	282	\$1,063.79	\$1,903.50	78.94%	\$1,271.21	19.50%
F5AW, LLC	266	\$1,004.75	\$1,795.50	78.70%	\$1,200.65	19.50%
Car Wash USA	256	\$967.85	\$1,728.00	78.54%	\$1,156.55	19.50%
IMI - Madisonville	248	\$938.33	\$1,674.00	78.40%	\$1,121.27	19.50%
Cracker Barrel #453	245	\$927.26	\$1,653.75	78.35%	\$1,108.04	19.50%
Paras, Inc	242	\$916.19	\$1,633.50	78.29%	\$1,094.81	19.50%
Harborside Healthcare	228	\$864.53	\$1,539.00	78.02%	\$1,033.07	19.49%
Hopkins County Board of Education	193	\$735.38	\$1,302.75	77.15%	\$878.72	19.49%
CF Kentucky Owner, LLC	185	\$705.86	\$1,248.75	76.91%	\$843.44	19.49%
NHC Healthcare	169	\$646.82	\$1,140.75	76.36%	\$772.88	19.49%
Red Cardinal Inn	155	\$595.16	\$1,046.25	75.79%	\$711.14	19.49%
Brighton Cornerstone Healthcare	153	\$587.78	\$1,032.75	75.70%	\$702.32	19.49%
Freesenius 445500	150	\$576.71	\$1,012.50	75.56%	\$689.09	19.49%



Based on the significant increase on the top 20 customers, it is recommended that the structured rate increase be implemented rather than a flat rate. The structured increase will affect all customers equally with an initial 19.4% then subsequent increases over the next four fiscal years.

Implementation

Tables 19 and 20 outline a recommended implementation strategy that should, with the 2020 increase, allow the Water Fund to break even. The subsequent increases will keep pace with OM&R, capital improvements, and inflation.

Table 19
Proposed Rate Implementation – Inside City Limits – Structured Rate Per 1000 gallons Used
 Madisonville, Kentucky

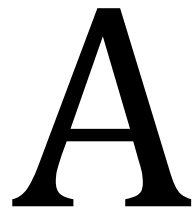
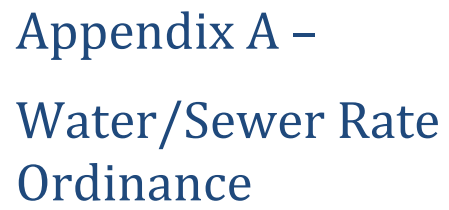
FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Water – Inside City (minimum bill based on 1,000 gallons/month)	Water – Inside City (minimum bill based on 1,000 gallons/month)	Water – Inside City (minimum bill based on 1,000 gallons/month)	Water – Inside City (minimum bill based on 1,000 gallons/month)	Water – Inside City (minimum bill based on 1,000 gallons/month)
<ul style="list-style-type: none"> • \$10.34 for first 1,000 gal • \$5.55 for each 1,000 gal beyond up to 19,000 gal • \$4.41 for each 1,000 gal beyond 20,000 gal 	<ul style="list-style-type: none"> • \$10.72 for first 1,000 gal • \$5.76 for each 1,000 gal beyond up to 19,000 gal • \$4.57 for each 1,000 gal beyond 20,000 gal 	<ul style="list-style-type: none"> • \$11.11 for first 1,000 gal • \$5.97 for each 1,000 gal beyond up to 19,000 gal • \$4.74 for each 1,000 gal beyond 20,000 gal 	<ul style="list-style-type: none"> • \$11.52 for first 1,000 gal • \$6.19 for each 1,000 gal beyond up to 19,000 gal • \$4.92 for each 1,000 gal beyond 20,000 gal 	<ul style="list-style-type: none"> • \$11.95 for first 1,000 gal • \$6.42 for each 1,000 gal beyond up to 19,000 gal • \$5.10 for each 1,000 gal beyond 20,000 gal



Table 20

Proposed Rate Implementation – Outside City Limits

FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<p>Water – Outside City (minimum bill based on 1,000 gallons/month)</p> <ul style="list-style-type: none"> • \$15.51 for first 1,000 gal • \$8.33 for each 1,000 gal beyond up to 19,000 gal • \$6.61 for each 1,000 gal beyond 20,000 gal 	<p>Water – Outside City (minimum bill based on 1,000 gallons/month)</p> <ul style="list-style-type: none"> • \$16.08 for first 1,000 gal • \$8.64 for each 1,000 gal beyond up to 19,000 gal • \$6.85 for each 1,000 gal beyond 20,000 gal 	<p>Water – Outside City (minimum bill based on 1,000 gallons/month)</p> <ul style="list-style-type: none"> • \$16.67 for first 1,000 gal • \$8.96 for each 1,000 gal beyond up to 19,000 gal • \$7.10 for each 1,000 gal beyond 20,000 gal 	<p>Water – Outside City (minimum bill based on 1,000 gallons/month)</p> <ul style="list-style-type: none"> • \$17.29 for first 1,000 gal • \$9.29 for each 1,000 gal beyond up to 19,000 gal • \$7.36 for each 1,000 gal beyond 20,000 gal 	<p>Water – Outside City (minimum bill based on 1,000 gallons/month)</p> <ul style="list-style-type: none"> • \$17.93 for first 1,000 gal • \$9.63 for each 1,000 gal beyond up to 19,000 gal • \$7.64 for each 1,000 gal beyond 20,000 gal

A large, bold, black serif letter 'A' is positioned on the right side of the page, partially overlapping a red vertical bar and a grey horizontal bar.The text 'Appendix A - Water/Sewer Rate Ordinance' is written in a blue serif font, positioned below the large letter 'A' and to the right of the red vertical bar.

Print

Madisonville, KY Code of Ordinances

CHAPTER 52: WATER AND SEWERS

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GENERAL PROVISIONS

§ 52.01 DEFINITIONS.

For the purpose of this chapter the following definitions shall apply unless the context clearly indicates or requires a different meaning.

AUTHORIZED REPRESENTATIVE. A president, vice-president, secretary, treasurer, manager, general partner, proprietor, principal executive officer or director having responsibility for the overall operation of the discharging facility.

B.O.D. or (BIOCHEMICAL OXYGEN DEMAND). The quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days at 20° C., expressed in milligrams per liter.

BUILDING DRAIN. That part of the lowest horizontal piping of a drainage system which receives the discharge from soil, waste, and other drainage pipes inside the walls of the building and conveys it to the building sewer, beginning five (5) feet (1.5 meters) outside the inner face of the building wall.

BUILDING SEWER. The extension from the building drain to the public sewer or other place of disposal, i.e. a sewer conveying wastewater from the premises of a user to the POTW.

BYPASS. The intentional diversion of wastestreams from any portion of an industrial user's treatment facility. 40 C.F.R. 403.17(a)(1).

CITY. The city of Madisonville, Kentucky.

COMBINED SEWER. A sewer receiving both surface runoff and sewage.

COMBINED WASTESTREAM FORMULA (CWF). Procedure for calculating alternative discharge limits at industrial facilities where a regulated wastestream from a categorical industrial user is combined with other wastestream prior to treatment. (40CFR 403.6(e)).

CROSS-CONNECTION. Any physical connection or arrangement between two or more otherwise separate pipes or piping of the water purveyor that transports the water of the city, one of which contains potable water and the other either water of unknown or questionable safety, or any source of pipes or piping conveying any other liquid, regardless of the number or types of water valves, checks, or gauges devised as eliminators, backflow preventors, or cross-connections, whereby there may flow from one system to the other, the direction of flow depending on the pressure differential between the two systems. Cross-connections caused by antiquated plumbing due to submerged outlets, negative heads, drains, vacuums, or valves shall be considered cross-connections when sewage, pesticides, chemicals, or other liquids, other than such potable municipal water supply, may be discharged or drawn into the municipal water supply or its customers.

DEBT SERVICE. Charges levied on users of the sewage treatment system to support the annual debt service obligations of the system.

DILUTION STREAMS. For purposes of the combined wastestream formula, the average daily flow (at least a 30-day average) from: boiler blowdown streams, non-contact cooling streams, storm water streams, and demineralizer backwash streams

(provided, however, that where such streams contain a significant amount of a pollutant, and the combination of such streams, prior to treatment, with an industrial user's regulated process wastestreams will result in a substantial reduction of that pollutant, the control authority, upon application of the industrial user, may exercise its discretion to determine whether such streams should be classified as diluted or unregulated. In its application to the control authority, the industrial user must provide engineering, production, sampling and analysis, and such other information so that the control authority can make its determination); or sanitary wastestreams where such streams are not regulated by a categorical pretreatment standard; or from any process wastestreams which were, or could have been, entirely exempted from categorical pretreatment standards pursuant to paragraph 8 of the NRDC v. Costle Consent Decree (12 ERC 1833) for one or more of the following reasons (see Appendix D of 40 CFR 403):

(1) The pollutants of concern are not detectable in the effluent from the industrial user [paragraph (8)(a)(iii)]

(2) The pollutants of concern are present only in trace amounts and are neither causing nor likely to cause toxic effects [paragraph (8)(a)(iii)]

(3) The pollutants of concern are present in amounts too small to be effectively deduced by technologies known to the Administrator [paragraph (8)(a)(iii)]; or

(4) The wastestream contains only pollutants which are compatible with the POTW [paragraph (8)(b)(i)] [40 CFR 403.6 (e)].

GARBAGE. Solid wastes from the domestic and commercial preparation, cooking, and dispensing of food, and from the handling, storage, and sale of produce.

HEARING BOARD. That board appointed according to the provisions of § 52.47.

INDUSTRIAL WASTE. The liquid wastes from industrial manufacturing processes, trade, or business, as distinct from sanitary sewage.

INTERFERENCE. A discharge which, alone or in conjunction with a discharge or discharges from other sources, both:

(1) Inhibits or disrupts the POTW, its treatment processes or operations or its sludge processes, use, or disposal; and

(2) Therefore is a cause of a violation of any requirement of the POTW's NPDES permit (including an increase in the magnitude or duration of a violation) or of the prevention of sewage sludge use or disposal in compliance with the following statutory provisions and regulations or permits issued thereunder (or more stringent state or local regulations): § 405 of the Clean Water Act, the Solid Waste Disposal Act (SWDA) (including Title II, more commonly referred to as the Resource Conservation and Recovery Act (RCRA) and including state regulations contained in any state sludge management plan prepared pursuant to Subtitle D of the SWDA), the Clean Air Act, the Toxic Substances Control Act, and the Marine Protection, Research, and Sanctuaries Act [40 CFR 403.3].

MAYOR. The Mayor of the city or the duly appointed and authorized representative of the Mayor, including the superintendent, and City Engineer.

NATIONAL CATEGORICAL PRETREATMENT STANDARD or **PRETREATMENT STANDARD**. Any regulation containing pollutant discharge limits promulgated by the EPA in accordance with § 307(b) and (c) of the Clean Water Act (33 U.S.C. 1347) which applies to a specific category of industrial users.

NATIONAL PROHIBITIVE DISCHARGE STANDARD or **PROHIBITIVE DISCHARGE STANDARD**. Any regulation developed under the authority of 307(b) of the Clean Water Act and 40 CFR, § 403.5.

NATIONAL POLLUTION DISCHARGE ELIMINATION SYSTEM (NPDES) PERMIT. A permit issued pursuant to § 402 of the Clean Water Act (33 U.S.C. 1342).

NATURAL OUTLET. Any outlet into a watercourse, pond, ditch, lake, or other body of surface water or groundwater.

NEW SOURCE.

(1) The term **NEW SOURCE** means any building, structure, facility or installation from which there is or may be a discharge of pollutants, the construction of which commenced after the publication of proposed pretreatment standards under § 307(c) of the Act which will be applicable to such source if the standards are thereafter promulgated in accordance with that section provided that:

(a) The building, structure, facility or installation is constructed at a site at which no other source is located; or

(b) The building, structure, facility or installation totally replaces the process or production equipment that causes the discharge of pollutants at an existing source; or

(c) The production or wastewater generating processes of the building, structure, facility or installation are substantially independent of an existing source at the same site. In determining whether these are substantially independent, factors such as the extent to which the new facility is integrated with the existing plant, and the extent to which the new facility is engaged in the same general type of activity as the existing source should be considered.

(2) Construction on a site at which an existing source is located results in a modification rather than a new source if the construction does not create a new building, structure, facility or installation meeting the criteria of divisions (1)(b) or (c) above, but otherwise alters, replaces, or adds to existing process or production equipment.

(3) Construction of a new source as defined under this division has commenced if the owner or operator has:

(a) Begun, or caused to begin as part of a continuous on-site construction program;

1. Any placement, assembly, or installation of facilities or equipment; or

2. Significant site preparation work including clearing, excavation or removal of existing buildings, structures, or facilities which is necessary for the placement, assembly, or installation of new source facilities or equipment; or

(b) Entered into a binding contractual obligation for the purchase of facilities or equipment which are intended to be used in its operation within a reasonable time. Options to purchase or contracts which can be terminated or modified without substantial loss, and contracts for feasibility, engineering, and design studies do not constitute a contractual obligation under this division.

OPERATION AND MAINTENANCE. Those functions that result in expenditures during the useful life of the treatment works for materials, labor, utilities and other items which are necessary for managing such works as designed and constructed.

PASS THROUGH. A discharge which exits the POTW into waters of the United States in quantities or concentrations which, alone or in conjunction with a discharge or discharges from other sources, is a cause of a violation of any requirement of the POTW's NPDES permit (including an increase in the magnitude or duration of a violation) [40 CFR 403.3(n)].

PERSON. Any individual, firm, company, association, society, corporation, or group.

pH. The logarithm of the reciprocal of the weight of hydrogen ions in grams per liter of solution.

PRETREATMENT or TREATMENT. The reduction of the amount of pollutants, the elimination of pollutants, or the alteration of the nature of pollutant properties in wastewater to a less harmful state prior to or in lieu of discharging or otherwise introducing such pollutants into a POTW. The reduction or alteration can be obtained by physical, chemical, or biological processes, process changes, or other means, except as prohibited by 40 CFR § 403.6(d).

PRETREATMENT REQUIREMENTS. Any substantive or procedural requirement related to pretreatment, other than a national pretreatment standard, imposed on an industrial user.

PROPERLY SHREDDED GARBAGE. The wastes from the preparation, cooking and dispensing of food that have been shredded to such a degree that all particles will be carried freely under the flow conditions normally prevailing in public sewers, with no particle greater than 1/2 inch (1.27 centimeters) in any dimension.

PUBLIC SEWER. A sewer in which all owners of abutting properties have equal rights and is controlled by public authority.

PURVEYOR. Any reference to the purveyor of water shall include all water districts, wholesale customers, private systems, and the like, that use water furnished and treated by the city.

REPLACEMENT. Expenditures for obtaining and installing equipment, accessories or appurtenances which are necessary during the useful life of the treatment works to maintain the capacity and performance for which such works were designed and constructed.

SANITARY SEWER. A sewer which carries sewage and to which storm water, surface water, and groundwater are not intentionally admitted.

SEVERE PROPERTY DAMAGE. Substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. **SEVERE PROPERTY DAMAGE** does not mean economic loss caused by delays in production. 40 C.F.R. 403.17(a)(2).

SEWAGE. A combination of the water-carried wastes from residences, business buildings, institutions, and industrial establishments, together with such groundwater, surface water, and storm water as may be present.

SEWAGE TREATMENT PLANT. Any arrangement of devices and structures used for treating sewage.

SEWAGE WORKS. All facilities for collecting, pumping, treating, and disposing of sewage.

SEWER. A pipe or conduit for carrying sewage.

SHALL. Mandatory; "May" is permissive.

SIGNIFICANT INDUSTRIAL USER. Includes all categoricals, noncategoricals with an average process flow of 25,000 gallons per day (gpd) or more, noncategoricals contributing 5% or more of the POTW's dry weather hydraulic or organic capacity, or any industrial user designated by the control authority to have a reasonable potential to adversely affect the POTW's operation [40 CFR 403.3 (t)].

SIGNIFICANT NONCOMPLIANCE. Significant noncompliance is one or more of the following:

(1) Chronic violations (exceedances 66% of the time during a six-month period) of the same pollutant parameters;

(2) Technical Review Criteria (TRC) violations [33% or more of measurements for each pollutant parameter taken during a six-month period equal or exceed the product of the applicable limit and the TRC value (1.4 times the limit for a conventional pollutant or 1.2 times the limit for a toxic pollutant)];

(3) Any violation of a pretreatment effluent limit (daily maximum or longer-term average) that the control authority determines has caused, alone or in combination with other discharges, interference or pass through (including endangering the health of POTW personnel or the general public);

(4) A discharge of imminent endangerment to human health, welfare, or the environment, or which required the POTW to use its emergency authorities under 40 CFR 403.8 (f)(1)(vi)(B);

(5) Violations of a compliance schedule milestone by 90 days;

(6) Violations of report submittal deadlines by 30 days;

(7) Failure to report noncompliance; and

(8) Any other violation deemed significant by the control authority [40 CFR 403.8 (f)(2)(vii)].

SLUG. Any discharge of water, sewage or industrial waste which in concentration of any given constituent or in quantity of flow exceeds for any period of duration longer than 15 minutes, more than five times the average 24-hour concentration or flows during normal operations.

STORM DRAIN. Sometimes termed **STORM SEWER**, shall mean a sewer which carries storm and surface water and drainage, but excludes sewage and industrial wastes other than unpolluted cooling water.

SUPERINTENDENT. The Superintendent of the City Sewer Department or his authorized deputy, agent, or representative.

SUSPENDED SOLIDS. Solids that either float on the surface of or are in suspension in water, sewage or other liquids, and which are removable by laboratory filtering.

TOXIC POLLUTANT. Any pollutant or combination of pollutants listed as toxic in regulations promulgated by the Administrator of the EPA under the provisions of the Clean Water Act § 307(a) or other acts. 40 C.F.R. 401.15.

USER. Any individual, firm, company, association, society, corporation, or group.

USER CHARGE. That portion of the total wastewater service charge which is levied in a proportional and adequate manner for the cost of operation, maintenance and replacement of the wastewater treatment works.

WATERCOURSE. A channel in which a flow of water occurs, either continuously or intermittently.

WATER METER. A water volume measuring and recording device, furnished and/or installed by a user and approved by the City of Madisonville.

('74 Code, § 27-50) (Ord. passed 1-16-78; Am. Ord. passed 2-20-84; Am. Ord. passed 9-2-86; Am. Ord. passed 8-19-91; Am. Ord. 95-03, passed 5-17-95)

§ 52.02 CONTRACT REQUIRED; UNAUTHORIZED USE.

No person shall take or use any water furnished or supplied through the waterworks system of the city for domestic or other purposes without contracting for same, pursuant to the rules and regulations of the city, nor shall any person permit water to be taken from his premises by any person not having a permit or license to take or use such water.

('74 Code, § 27.51) (Ord. passed 3-4-74; Am. Ord. passed 9-2-86; Am. Ord. 2015-02, passed 2-17-15) Penalty, see § 52.99

§ 52.03 UNAUTHORIZED TAMPERING; DAMAGING WATER WORKS PROPERTY.

No person, other than an officer or employee of the city, or, not having a permit from one duly authorized to execute same, shall turn on or off any water from any main, distributing pipe, shutoff box, or any device, or open, damage, or otherwise interfere

with any shutoff box or water meter; nor shall any person damage, tamper with, or unscrew any nut or other fastening device on or about any fireplug.

('74 Code, § 27-52) (Ord. passed 3-4-74; Am. Ord. passed 9-2-86) Penalty, see § 52.99

§ 52.04 DUTY OF POLICE TO REPORT DAMAGE TO FIREPLUGS AND WATER SYSTEM.

It shall be the duty of all policemen to report any breakage or damage to any fireplug or other water system in any way, which report shall be made to the Chief of Police promptly on discovery.

('74 Code, § 27-53) (Ord. passed 3-4-74; Am. Ord. passed 9-2-86)

§ 52.05 BUILDING SEWERS AND CONNECTIONS.

(A) No unauthorized person shall uncover, make any connections with or opening into, use, alter, or disturb any public sewer or appurtenance thereof without first obtaining a written permit from the Mayor.

(B) There shall be two classes of building sewer permits: one for residential and commercial services, and one for service to establishments producing industrial wastes. In either case, the owner or his agent shall make application on a special form furnished by the city. The permit application shall be supplemented by any plans, specifications, or other information considered pertinent in the judgment of the Mayor. A permit and inspection fee of twenty-five dollars (\$25.00) for a residential or commercial building sewer permit and fifty dollars (\$50.00) for an industrial building sewer permit shall be paid to the city at the time the application is filed.

(C) All costs and expenses incident to the installation and connection of the building sewer shall be borne by the owner. The owner shall indemnify the city from any loss or damage that may directly or indirectly be occasioned by the installation of the building sewer.

(D) A separate and independent building sewer shall be provided for every building; however, where one building stands at the rear of another on an interior lot and no private sewer is available or can be constructed to the rear building through an adjoining alley, courtyard, or driveway, the building sewer from the front building may be extended to the rear building and the whole considered as one building sewer.

(E) Old building sewers may be used in connection with new buildings only when on examination and test by the Mayor, they are found to meet all requirements of this chapter.

(F) The size, slope, alignment, materials of construction of a building sewer, and the methods to be used in excavating, placing of the pipe, jointing, testing, and backfilling the trench, shall all conform to the requirements of the building and plumbing code or other applicable rules and regulations of the city. In the absence of code provisions or

in amplification thereof, the materials and procedures set forth in appropriate specifications of the A.S.T.M. and W.P.C.F. Manual of Practice No. 9 shall apply.

(G) Whenever possible, the building sewer shall be brought to the building at an elevation below the basement floor. In all buildings in which any building drain is too low to permit gravity flow to the public sewer, sanitary sewage carried by such building drain shall be lifted by an approved means and discharged to the building sewer.

(H) No person shall make connections of roof downspouts, exterior foundation drains, areaway drains, or other sources of surface runoff or groundwater, to a building sewer or building drain which in turn is connected directly or indirectly to a public sanitary sewer.

(I) The connection of the building sewer into the public sewer shall conform to the requirements of the building and plumbing code or other applicable rules and regulations of the city, or the procedures set forth in appropriate specifications of the A.S.T.M. and the W.P.C.F. Manual of Practice No. 9. All such connections shall be made gastight and watertight. Any deviation from the prescribed procedures and materials must be approved by the Mayor before installation.

(J) The applicant for the building sewer permit shall notify the Mayor when the building sewer is ready for inspection and connection to the public sewer. The connection shall be made under the supervision of the Mayor or his representative.

(K) All excavations for building sewer installation shall be adequately guarded with barricades and lights so as to protect the public from hazard. Streets, sidewalks, parkways, and other public property disturbed in the course of the work shall be restored in a manner satisfactory to the city.

(L) Except as herein provided, the minimum fee for a connection is and shall be four hundred dollars (\$400.00) If the city is required to traverse an existing street by excavation or otherwise to make any such connection, the minimum fee shall be four hundred dollars (\$400.00) together with the reasonable cost of traversing and repairing the street. There shall be no connection fee charged: to a real estate developer for connecting a newly constructed main line with the city's collection system; or to an owner, if the tee and lateral to which the connection is to be made were constructed by a developer without cost to the city.

(Ord. passed 9-2-86; Am. Ord., passed 10-7-91) Penalty, see § 52.99

§ 52.06 POLICIES AND PROCEDURES MANUAL.

(A) The city does hereby establish and adopt a Policies and Procedures Manual for the Wastewater Collection Department. The policies and procedures manual, currently consisting of twenty (20) pages, is incorporated herein by reference. All members of the public receiving public sanitary sewer service from the city are required to comply with the provisions of the Policies and Procedures Manual as same may be amended from time to time.

(B) The Policies and Procedures Manual contains provisions relating to: use of public sanitary sewer service; design and construction standards; relocating or adjustment of

wastewater facilities; application for wastewater service; customers not to provide wastewater service to others; unaccounted for services; discontinuance of service; no guarantee of system capacity; responsibility for property of customer; responsibility for damages to customer's wastewater line; sewer cleaning and/or flushing; service to annexed areas; main extensions; fees and other charges.

(C) The Policies and Procedures Manual may be amended from time to time by the Water Distribution Department and/ or the Engineering Department. Any change in rates requires the approval of the City Council. A copy of the Policies and Procedures Manual shall be attached to ordinance 2003-15, passed 6-16-03, same is incorporated herein by reference and made a part of the permanent records of the city.

(Ord. 2003-14, passed 6-16-03; Am. Ord. 2003-15, passed 6-16-03)

§ 52.07 STANDARDS MANUAL.

(A) The city does hereby establish and adopt a Standards Manual setting forth regulations and specifications pertaining to new water mains and sanitary sewerage facilities located within or served by the city. The Standards Manual, currently consisting of a foreword, an index, twelve (12) chapters and an appendix, is incorporated herein by reference.

(B) The Standards Manual may be amended from time to time by the Wastewater Collection Department and/or the Engineering Department. Any change in rates requires the approval of the City Council. A copy of the Standards Manual shall be attached to ordinance 2003-16, passed 6-16-03, same is incorporated herein by reference, and made a part of the permanent records of the city.

(Ord. 2003-16, passed 6-16-03; Am. Ord. 2005-13, passed 8-1-05)

RATES, CHARGES, AND BILLING

§ 52.10 (RESERVED).

§ 52.11 WATER RATES.

The rates and charges for water service furnished by the city, are fixed and established on a monthly basis, as follows:

(A) The minimum water bill for retail service within the city shall be eight and 66/100 dollars (\$8.66) per month, and each water customer shall be entitled to one thousand (1,000) gallons (or less) of water in each month for such minimum charge. Thereafter, the following metered charges shall be made for each one thousand (1,000) gallons of water consumption per month to customers of all size connections:

Number of Gallons of Water per Month

	Monthly Charge per 1,000 Gallons
First 1,000 gallons or less, minimum	\$8.66
Next 19,000 gallons	\$4.65
Next 3,980,000 gallons	\$3.69
All over 4,000,000 gallons shall be at a rate to be negotiated between the customer and the Mayor.	

(B) The minimum water bill for retail service beyond the city limits shall be twelve and 99/100 dollars (\$12.99). Thereafter, the following metered charges shall be made for each one thousand (1,000) gallons of water consumption per month to customers of all size connections:

Number of Gallons of Water per Month	Monthly Charge per 1,000 Gallons
First 1,000 gallons or less, minimum	\$12.99
Next 19,000 gallons	\$ 6.98
Next 3,980,000 gallons	\$ 5.54
All over 4,000,000 shall be at a rate to be negotiated between the customer and the Mayor	

('74 Code, § 27-59) (Ord. passed 4-18-77; Am. Ord. passed 9-19-79; Am. Ord. passed 10-19-82; Am. Ord. passed 9-2-86; Am. Ord. passed 6-19-90; Am. Ord. passed 7-20-92; Am. Ord. 93-19, passed 7-19-93; Am. Ord. 94-16, passed 6-21-94; Am. Ord. 99-09, passed 6-21-99; Am. Ord. 2000-10, passed 6-19-00; Am. Ord. 2003-33, passed 11-19-03)

(C) Sprinkler systems. In addition to the water rates set out above, the following additional charges shall be assessed: water use through an unmetered sprinkling system for testing, or by reason of leaks or fire, or for any other reason, shall be charged to the consumer by an estimate from the City of Madisonville. However, should the water consumption be due to a fire and the sprinkling devices have functioned correctly for those buildings within the city limits of Madisonville, there will be no charge for such water consumed as an extension of city fire protection. It shall be the duty of the consumer of water through unmetered sprinkling systems to inform the Superintendent of the Water Department, City of Madisonville, of its consumption of water, for whatever reason, through such sprinkling systems.

(Ord. passed 9-20-82; Am. Ord. passed 9-2-86) Penalty, see § 52.99

§ 52.12 WATERWORKS CONNECTION CHARGES.

(A) The following fees shall be charged and collected for water connections:

Size of Connection	Connection Charge
5/8 inch tap	\$700.00
1 inch tap	900.00
1-1/2 inch tap	1,600.00
2 inch tap	2,000.00

(B) If the city is required to traverse an existing street, by excavating or otherwise, to make any such connection, the reasonable cost of street repairs shall be charged and collected in addition to the appropriate connection fee.

('74 Code, § 27-60) (Ord. passed 4-18-77; Am. Ord. passed 2-18-80; Am. Ord. passed 9-2-86; Am. Ord. passed 8-19-91; Am. Ord. 99-09, passed 6-21-99)

§ 52.13 METER DEPOSITS.

In addition to connection charges as aforesaid, all customers except resident property owners shall pay a meter deposit to the city for water service before such customers shall be entitled to such service. The meter deposit shall be twenty-five dollars (\$25.00) for residential customers and one hundred dollars (\$100.00) for commercial customers. Such deposit, less any unpaid charges, shall be refunded to the customer, his heirs, or assigns, whenever such customer notifies the city legally to disconnect or terminate service to such customer. No meter deposit shall be required of resident property owners.

('74 Code, § 27.60.1) (Ord. passed 4-18-77; Am. Ord. passed 1-21-80; Am. Ord. passed 10-19-82; Am. Ord. passed 9-2-86)

§ 52.14 CHARGE FOR SERVICE CALLS.

A charge of two dollars (\$2.00) for each service trip per location for the purpose of meter readouts, disconnection, or connection shall be made.

('74, Code, § 27-61) (Ord. passed 3-4-74; Am. Ord. passed 9-2-86)

§ 52.15 FREE USE OF SEWER PROHIBITED.

No free use of the sewer and facility of the sewer shall be granted or permitted to any user thereof.

('74 Code, § 27-62) (Ord. passed 3-4-74; Am. Ord. passed 9-2-86) Penalty, see § 52.99

§ 52.16 FINDING OF FACT; BASIS OF SEWER CHARGE.

It is determined that the most equitable, accurate and feasible method of ascertaining and measuring use of the facility and service of the city sewers and of designation of a charge of such use is by basing sanitary sewer service rates and charges on the quantity of water supplied to the premises of the respective sewer user may be achieved by establishing a minimum monthly sewer service charge and fixing the amount of the monthly sewer service charge at a stated percentage of the monthly water bill rendered to the same premises and that adoption of such method will effect substantial economic savings in preparing those bills. Rates and charges for such use and service are herein established based on these finding of fact subject to exception hereinafter provided.

('74 Code, § 27-63) (Ord. passed 3-4-74; Am. Ord. passed 9-2-86)

§ 52.17 SEWER RATES.

Except as specifically noted herein, residential, commercial, and those industrial customers not participating in the industrial cost recovery program, shall pay sewage service rates based on water purchased from the City. Industries participating in industrial cost recovery shall be charged on metered waste flows. The rates and charges for sewer service furnished by the City shall be based insofar as possible on the number of gallons of water used in each month and are hereby fixed and established on a monthly basis, as follows:

(A) (1) All customers other than wholesale customers beyond the City limits shall be billed seven and 75/100 dollars (\$7.75) per month, based on water usage, for each one thousand (1,000) gallons of water consumption. This rate consists of five and 09/100 dollars (\$5.09) for operation, maintenance and replacement (O, M & R) and two and 66/100 dollars (\$2.66) for debt service. The minimum sewer bill for all customers shall be fifteen and 50/100 dollars (\$15.50) per month, based on water usage of two thousand (2,000) gallons (or less) in each month.

(2) Wholesale customers beyond the city limits shall, as a minimum, be billed for operation, maintenance and replacement costs of the sewer system. The bill for wholesale customers beyond the city limits shall be one and 95/100 dollars (\$1.95) per one thousand (1,000) gallons based on readings of a wastewater meter. Should the existing wastewater treatment plant located at 1000 McCoy Avenue, remain in service after said date, on June 1, 1996, the sewer rate for wholesale customers beyond the city limits shall be two and 50/100 dollars (\$2.50) per one thousand (1,000) gallons based on readings of a wastewater meter.

(B) (1) Surcharge. A surcharge will be levied on any customer discharging above twenty five (25) milligrams per liter ammonia nitrogen, two hundred fifty (250) milligrams per liter BOD and three hundred (300) milligrams per liter suspended solids. The charge will be eighty nine cents (\$0.89) per pound of ammonia nitrogen, twenty nine cents (\$0.29) per pound of BOD and eighteen center (\$0.18) per pound of suspended solids.

(2) Method of Billing Surcharges. The excessive strength surcharge shall be based on the following formula, with the total applied to the monthly bill of affected users:

Payment (\$/month)

$$(A(D-250) + B(E-300) + C(F-25)) \times .00834 \times G = \text{Surcharge}$$

Where formula components are as follows:

- (A) Surcharge rate for BOD, in \$/pound.
- (B) Surcharge rate of SS, in \$/pound.
- (C) Surcharge rate for ammonia nitrogen in \$/pound.
- (D) User's average BOD concentration, in mg/l.
- (E) User's average SS concentration, in mg/l.
- (F) User's average ammonia nitrogen concentration, in mg/l.
- (G) User's monthly flow to sewage works, per 1,000 gallons.

(3) No reduction in sewage service charges, fees, or taxes shall be permitted because of the fact that certain wastes discharged to the sewage works contain less than mg/l of BOD, mg/l of SS or mg/l of ammonia nitrogen.

(C) For residential, industrial, institutional and commercial users, monthly user charges will be based on actual water usage. If a residential, industrial, institutional or commercial user has a consumptive use of water, or, in some other manner, uses water which is not discharged into the wastewater collection system, the user charge for that contributor may be based on readings of a wastewater meter(s) or separate water meter(s) installed and maintained at the user's expense.

(D) Sewer rates for large consumers:

(1) For consumers who purchase between \$4,500,000 and 7,000,000 gallons of water per month, the sewer rate for that month shall be \$6 per 1,000 gallons (one unit);

(2) For consumers who purchase more than 7,000,000 gallons of water per month, the sewer rate for that month shall be \$4.50 per 1,000 gallons (one unit); and

(3) The sewer rates set forth in this section shall not be available to water districts, wholesale customers or municipalities.

('74 Code, § 7-64) (Ord. passed 4-18-77; Am. Ord. passed 9-2-86; Am. Ord. passed 6-19-90; Am. Ord. passed 7-1-91; Am. Ord. passed 7-20-92; Am. Ord. 93-19, passed 7-19-93; Am. Ord. 94-16, passed 6-21-94; Am. Ord. 95-03, passed 5-17-95; Am. Ord. 08-10, passed 7-9-08; Am. Ord. 2017-13, passed 12-4-17)

§ 52.18 INDUSTRIAL COST RECOVERY.

(A) Industries shall remit to the city, in addition to the normal sewage service charges, the industries' share based on strength and volume of its wastes, of the federal grant funds applied to the construction of the sewage treatment facility and other grant applicable projects.

(B) Industries which are required to contribute cost recovery of applicable costs are categorized as those industries which discharge any waste other than normal domestic waste to the sewage system.

(C) Industries shall submit cost recovery payments annually for a period not to exceed 30 years.

(D) Industrial cost recovery payments are based on the amount of federal grant funds allocable to the design flow, B.O.D., and suspended solids of the sewage treatment facility. The design costs are divided by the 30-year recovery period to give the cost per year. These costs are divided by the design daily flow, B.O.D., and suspended solids for the year. The addition of the elements of cost constitute the amount an industry pays for cost recovery for the applicable year. Industry will be responsible for monitoring its wastes in § 52.51 and submitting monthly analyses to the Mayor. Rates and industrial cost recovery will be based on the industrial analyses. Samples will be taken by the Mayor, his representative, or duly authorized employees of the city, on an irregular basis for the purpose of validating the results of industrial samples (see § 52.32). If an industry does not wish to monitor its wastes, rates and industrial cost recovery will be based on results obtained from samples taken by the city plus a monitoring charge.

(E) Industrial cost recovery payments, payable to the city, shall be collected semiannually. However, an industry may fulfill its cost recovery obligation by making a lump sum payment for its entire share of project costs. An industry shall be required to make an additional payment over and above the lump sum if and whenever the flow or strength of its waste increases.

(F) In the case of nonpayment, an industry shall be subject to a fine not exceeding five hundred dollars (\$500.00) per day until such payment is made.

(G) Industrial cost recovery funds collected by the city shall be held in federally insured, interest bearing accounts. The city shall annually remit 50% of the total amount collected to the U.S. Treasury. Forty percent will be held for future grant applicable construction of sewage facilities, and 10% may be used as the governing body of the city shall determine.

('74 Code, § 27-65) (Ord. passed 1-16-78; Am. Ord. passed 9-2-86)

§ 52.19 SPECIAL RATES FOR UNUSUAL USES OR OCCUPANCIES.

Whenever it is determined by the city to be necessary to classify any institutions or industries by reason of the unusual purposes for which water is used or whenever the established schedule of rates for water service for any reason is not applicable, the City Council may determine that a particular or unusual use exists for such service and may set a rate therefor as it sees fit.

('74 Code, § 27-66) (Ord. passed 3-4-74; Am. Ord. passed 9-2-86; Am. Ord. 95-03, passed 5-17-95)

§ 52.20 BILLING COLLECTION.

That the rates or charges aforesaid shall be billed monthly, on statements which shall be issued on or about the first of each month, and all bills for such service shall be considered due and payable ten (10) days after the date of issue. If a bill is not paid within fifteen (15) days after such date of issue, such bill shall be considered delinquent, and there shall be imposed a penalty on each bill not so paid, in an amount equal to ten percent (10%) of the charges (other than sales tax) shown on the face amount of such delinquent bill. The city may serve a customer written notice of his delinquency and of the fact that such customer is entitled, on written request, to a hearing on the question of termination of service. If such bill is not paid within ten days after the mailing of such notice and if no hearing is requested, or if a hearing is requested and timely held, and such customer's delinquency is thereby established, the city may disconnect the water service of such customer without further notice. If any deadline date falls on a Sunday or legal holiday, such deadline shall not expire until the next secular day thereafter.

('74 Code, § 27-67) (Ord. passed 4-18-77; Am. Ord. passed 9-19-79; Am. Ord. passed 1-21-80; Am. Ord. passed 9-2-86)

§ 52.21 DISCONNECTION AND RECONNECTION CHARGE.

(A) Disconnection for nonpayment of bill. If water service is disconnected by the city by reason of delinquency in the payment of any water or sewer bill, reconnection of such service shall not be made until the owner or user pays all charges and penalties owed, plus the amount of ten dollars (\$10.00) as a disconnection and reconnection charge, if reconnection is made during regular office hours. Such disconnection and reconnection charge shall be twenty-five dollars (\$25.00) if reconnection is made after regular office hours.

(B) Voluntary disconnection and reconnection. In the event a customer whose water service has been disconnected because of delinquency in the payment of a water or sewer bill elects not to have such water service reconnected, or a customer who voluntarily requests that his water service be disconnected, subsequently requests reconnection, such customer shall pay to the city, before water service is restored to his premises, any delinquent water or sewer bill owed by such customer, including the penalty on such bill, plus the disconnection and reconnection charge prescribed in division (A) of this section, plus an amount equal to the lesser of:

- (1) The minimum monthly water (or water and sewer) rate for each month during which such customer's service was disconnected;
 - (2) The minimum monthly water (or water and sewer) rate for a period of one year;
- or
- (3) The applicable connection charge at that time for new customers.

('74 Code, § 27-68) (Ord. passed 9-19-79; Am. Ord. passed 1-21-80; Am. Ord. passed 9-2-86)

§ 52.22 APPLICATION OF WATER REVENUE.

All revenue realized from the sale of water shall be deposited in the water account to be used for such purposes as the Council from time to time directs.

('74 Code, § '27-72) (Ord. passed 3-4-74; Am. Ord. passed 9-2-86)

§ 52.23 APPLICATION OF SEWER REVENUE.

(A) Revenues collected, as a result of user charges levied, shall be deposited in a separate non-lapsing fund known as the Operation, Maintenance and Replacement Fund.

(B) Fiscal year end balances in the Operation, Maintenance and Replacement Fund shall be used for no other purposes than those designated. Monies which have been transferred from other sources to meet temporary shortages in the Operation, Maintenance and Replacement Fund shall be returned to their respective accounts upon appropriate adjustment of the user charge rates for operation, maintenance and replacement. The user charge rate(s) shall be adjusted such that the transferred monies will be returned to their respective accounts within six months of the fiscal year in which the monies were borrowed.

(C) The City shall maintain financial records to accurately account for revenues generated by the treatment system and expenditures for operation and maintenance of the system, including normal replacement costs.

(D) The City shall review, not less than annually, the sewage contribution of users, the total cost of operation and maintenance of the sewage works, debt service obligations and sewer service charges. Based on such review, the City shall revise, when necessary, the schedule of sewer service charges.

(E) Each user shall be notified, at least annually, in conjunction with a regular bill of the rate and that portion of the total charge which is attributable to operation and maintenance of the sewage system.

('74 Code, § 27-73) (Ord. passed 3-4-74; Am. Ord. passed 9-2-86; Am. Ord. 95-03, passed 5-17-95)

SEWER USE

§ 52.30 PROHIBITED DEPOSITS ON PUBLIC OR PRIVATE PROPERTY.

It shall be unlawful for any person to place, deposit, or permit to be deposited in any unsanitary manner on public or private property within the city or in any area under the

jurisdiction of the city, any human or animal excrement, garbage or other objectionable waste.

('74 Code, § 27-81) (Ord. passed 1-16-78; Am. Ord. passed 9-2-86) Penalty, see § 52.99

§ 52.31 UNAUTHORIZED TAMPERING WITH SEWAGE WORKS PROHIBITED.

No unauthorized person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface, or tamper with any structure, appurtenance, or equipment, which is a part of the sewage works. Any person violating this provision shall be subject to immediate arrest under charge of disorderly conduct.

('74 Code, § 27-82) (Ord. passed 1-16-78; Am. Ord. passed 9-2-86) Penalty, see § 52.99

§ 52.32 POWERS AND DUTIES OF INSPECTORS.

(A) The Mayor and other duly authorized employees of the City Sewer Department bearing proper credentials and identification shall be permitted to enter all properties for the purposes of inspection, observation, measurement, sampling, and testing in accordance with the provisions of this subchapter.

(B) The Mayor and other duly authorized employees of the City bearing proper credentials and identification shall be permitted to enter all private properties through which the city holds a duly negotiated easement for the purposes of, but not limited to, inspection, observation, measurement, sampling, repair, and maintenance of any portion of the sewage works lying within the easement. All entry and subsequent work, if any, on the easement, shall be done in full accordance with the terms of the duly negotiated easement pertaining to the private property involved.

('74 Code, § 27-83) (Ord. passed 1-16-78; Am. Ord. passed 9-2-86; Am. Ord. passed 12-21-92)

§ 52.33 DISCHARGES TO NATURAL OUTLETS.

It shall be unlawful to discharge to any natural outlet within the city or in any area under the jurisdiction of the city, any sewage or other polluted waters, except where suitable treatment has been provided in accordance with subsequent provisions of this subchapter.

('74 Code, § 27-84) (Ord. passed 1-16-78; Am. Ord. passed 9-2-86) Penalty, see § 52.99

§ 52.34 CONNECTION REQUIRED WHERE PUBLIC SEWER AVAILABLE.

The owner of all houses, buildings, or properties used for human occupancy, employment, recreation, or other purposes, situated within the city and abutting on any street, alley, or right-of-way in which there is now located or may in the future be located, a public sanitary or combined sewer of the city, is required at his expense to install suitable toilet facilities therein, and to connect such facilities directly with the proper public sewer in accordance with the provisions of this subchapter, within ninety (90) days after date of official notice to do so, provided that the public sewer is within one hundred (100) feet (30.5 meters) of the property line.

('74 code, § 27-85) (Ord. passed 1-16-78; Am. Ord. passed 9-2-86)

§ 52.35 PRIVATE SEWAGE DISPOSAL SYSTEMS.

Except as hereinafter provided, it shall be unlawful to construct or maintain any privy, privy vault, septic tank, cesspool, or other facility intended or used for the disposal of sewage.

('74 Code, § 27-86)

(A) When permitted. Where a public sanitary or combined sewer is not available under the provisions of § 52.34, the building sewer shall be connected to an interim private sewage disposal system complying with the provisions of this subchapter.

('74 Code, § 27-87)

(B) Permit required; application; fees. Before commencement of construction of a private sewage disposal system the owner shall first obtain a written permit signed by the Mayor. The application for such permit shall be made on a form furnished by the city, which the applicant shall supplement by any plans, specifications, and other information as are deemed necessary by the Mayor. A permit and inspection fee of one hundred dollars (\$100.00) shall be paid to the city at the time the application is filed.

('74 Code, § 27-88)

(C) The type, capacity, location, and layout of a private sewage disposal system shall comply with all recommendations of the State Natural Resources Cabinet. No permit shall be issued for any private sewage disposal system employing subsurface soil absorption facilities where it conflicts with County Health Department standards. No septic tank or cesspool shall be permitted to discharge to any natural outlet.

('74 Code, § 27-89)

(D) Additional requirements by Mayor and health officers. No statement contained in this subchapter shall be construed to interfere with any additional requirements that may be imposed by the Mayor or the appropriate health officer of the State of Kentucky or of Hopkins County.

('74 Code, § 27-90)

(E) Inspection of installation. A permit for private sewage disposal system shall not become effective until the installation is completed to the satisfaction of the Mayor. The Mayor shall be allowed to inspect the work at any stage of construction, and, in any

event, the applicant for the permit shall notify the Mayor when the work is ready for final inspection, and before any underground portions are covered. The inspection shall be made within seventy-two (72) hours of the receipt of notice by the Mayor.

('74 Code, § 27-91)

(F) Operation. The owner shall operate and maintain the private sewage disposal facilities in a sanitary manner at all times, at no expense to the city.

('74 Code, § 27-92)

(G) Abandonment; connection to public sewer. At such time as a public sewer becomes available to a property served by a private sewage disposal system, as provided in division (A) hereof, a direct connection shall be made to the public sewer in compliance with this subchapter, and any septic tanks, cesspools, and similar private sewage materials. When a public sewer becomes available, the building sewer and the owner shall have the private sewage disposal system cleaned of sludge and filled with clean bank-run gravel or dirt at no cost to the city.

('74 Code, § 27-93) (Ord. passed 1-16-78; Am. Ord. passed 9-2-86) Penalty, see § 52.99

§ 52.36 (RESERVED).

§ 52.37 PROHIBITED DISCHARGES TO SANITARY SEWER.

No person shall discharge or cause to be discharged any storm water, surface water, groundwater, roof runoff, subsurface drainage, uncontaminated cooling water, or unpolluted industrial process waters to any sanitary sewer.

('74 Code, § 27-101) (Ord. passed 1-16-78; Am. Ord. passed 9-2-86) Penalty, see § 52.99

§ 52.38 DISCHARGE OF UNPOLLUTED DRAINAGE TO STORM SEWERS.

Storm water and all other unpolluted drainage shall be discharged to such sewers as are specifically designated as combined sewers or storm sewers, or to a natural outlet approved by the Mayor. Industrial cooling water or unpolluted process waters may be discharged, on approval of the Mayor, to a storm sewer, combined sewer, or natural outlet, providing an N.P.D.E.S. permit has been issued from the Environmental Protection Agency.

('74 Code, § 27-102) (Ord. passed 1-15-78; Am. Ord. passed 9-2-86)

§ 52.39 PROHIBITED DISCHARGES TO PUBLIC SEWERS.

No person shall discharge or cause to be discharged any of the following described waters or wastes to any public sewers:

(A) Any gasoline, benzene, naphtha, fuel oil, oil products in amounts causing interference or pass through, other flammable or explosive liquid, solid, gas, or pollutants with a closed-cup flashpoint of less than 140° F or 60° C.

(B) Any waters or wastes containing toxic or poisonous solids, liquids, fumes or gases in sufficient quantity, either singly or by interaction with other wastes, to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the sewage treatment plant, including but not limited to cyanides in excess of 1.000 milligrams per liter as CN in the wastes as discharged to the public sewer. A toxic pollutant shall include but not be limited to any pollutant identified pursuant to § 307(a) of the Clean Water Act.

(C) Any waters or wastes having a pH lower than 5.5 or higher than 10.0 or having any other corrosive property capable of causing damage or hazard to structures, equipment, or personnel of the sewage works.

(D) Solid or viscous substances in quantities or of such size capable of causing obstruction to the flow in sewers, or other interference with the proper operation of the sewage works such as, but not limited to ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, unground garbage, paunch manure, hair and fleshings, entrails, and paper dishes, cups, milk containers, or the like, either whole or ground by garbage grinders.

(E) Any discharge of trucked or hauled wastes to sanitary sewers except at points designated by the Mayor.

(‘74 Code § 27-103) (Ord. passed 1-16-78; Am. Ord. passed 9-2-86; Am. Ord. passed 8-19-91; Am. Ord. 08-14, passed 9-18-08; Am. Ord. 2015-02, passed 2-17-15) Penalty, see § 52.99

§ 52.40 DISCHARGE OF POTENTIALLY HARMFUL WASTES.

(A) No person, municipality, sewer and/or water district shall discharge or cause to be discharged the following described substances, materials, waters, or wastes if it appears likely in the opinion of the Mayor that such wastes can harm either the sewers, sewage treatment process or equipment, have an adverse effect on the receiving stream, or can otherwise endanger life, limb, public property, or constitute a nuisance. In forming such opinion as to the acceptability of these substances, the Mayor will give consideration to such factors as the quantities of subject wastes in relation to flows and velocities in the sewers, materials of construction of the sewers, nature of the sewage treatment process, capacity of the sewage treatment plant, degree of treatability of wastes in the sewage treatment plant, and other pertinent factors. The substances prohibited are:

(1) Any liquid or vapor having a temperature higher than 104° F.

(2) Any water or waste containing oil and grease of animal vegetable origins, fats, wax, grease, or oils, whether emulsified or not, in excess of 100 milligrams per liter, or containing substances which may solidify or become viscous at temperatures between 32° F. and 150° F.

(3) Any garbage that has not been properly shredded. The installation and operation of any garbage grinder equipped with a motor of $\frac{3}{4}$ -horse power (0.76 hp metric) or greater, shall be subject to the review and approval of the Mayor.

(4) Any waters or wastes containing strong acid iron pickling wastes, or concentrated plating solutions whether neutralized or not.

(5) Any waters or wastes containing iron, chromium, copper, zinc, and similar objectionable or toxic substances, or wastes exerting an excessive chlorine requirement, to such degree that any such material received in the composite sewage at the sewage treatment works exceeds the limits established by the Mayor for such materials.

(6) Any waters or wastes containing phenols or other taste or odor-producing substances, in such concentrations exceeding limits which may be established by the Mayor as necessary, after treatment of the composite sewage, to meet the requirements of the state, federal, or other public agencies of jurisdiction for such discharge to the receiving waters.

(7) Any radioactive wastes or isotopes of such half life or concentration as may exceed limits established by state or federal regulations.

(8) Any waters or wastes having a pH lower than 5.5 or in excess of 10.0.

(9) Materials which exert or cause;

(a) Unusual concentrations or inert suspended solids (such as, but not limited to sodium chloride and sodium sulfate).

(b) Excessive discoloration (such as, but not limited to dye wastes and vegetable tanning solutions).

(c) Unusual B.O.D. chemical oxygen demand, or chlorine requirements in such quantities as to constitute a significant load on the sewage treatment works.

(d) Any hydrogen sulfide levels about 1.9 PPM per water borne test, or any hydrogen sulfide levels above 8.0 PPM per air borne test.

(e) Unusual volume of flow or concentration of wastes constituting slugs, spills, or any by-passing or overflow of untreated wastewater containing substances regulated by this permit, to the sanitary sewer from the permittee's facility. In the event this should occur, the permittee shall immediately notify the Mayor's representative (City Engineer). The Mayor shall have the authority to require significant industrial users to develop a slug control plan.

(10) Waters or wastes containing substances which are not amenable to treatment or reduction by the sewage treatment processes employed or are amenable to treatment only to such degree that the sewage treatment plant effluent cannot meet the

requirements of other agencies having jurisdiction over discharge to the receiving waters.

(11) Materials discharged that are considered hazardous waste under the Resource Conservation and Recovery Act (RCRA) must be immediately reported to the control authority.

(B) If any waters or wastes are discharged, or are proposed to be discharged to the public sewers, which waters contain the substances or possess the characteristics enumerated in division (A) hereof, and which in the judgment of the Mayor may have a deleterious effect on the sewage works, processes, equipment, or receiving waters or which otherwise create a hazard to life or constitute a public nuisance, the Mayor may:

- (1) Reject the wastes;
- (2) Require pretreatment to an acceptable condition for discharge to the public sewers;
- (3) Require control over the quantities and rates of discharge; or
- (4) Require payment to cover the added cost of handling and treating the wastes not covered by existing taxes or sewer charges under the provisions of § 52.46.

(C) If the Mayor permits the pretreatment of equalization of waste flows, the design and installation of the plants and equipment shall be subject to the review and approval of the Mayor, and subject to the requirements of all applicable codes, ordinances, and laws.

(D) Any person who transports septic tank, seepage pit or cesspool contents, liquid industrial waste or other batch liquid waste and wishes to discharge such waste to the public sewer system shall first have a valid Domestic Waste Hauler's Permit. All applicants for a Domestic Waste Hauler's Permit shall complete the application form, pay the appropriate fee and receive a copy of the city's regulations governing discharge to sewers of liquid wastes from trucks. All persons receiving such permits shall agree in writing to abide by all applicable provisions of this section and any other special provisions that may be established by the city as necessary for the proper operation and maintenance of the sewerage system.

(1) Discharge of septic tank, seepage pit, interceptor or cesspool contents or other wastes containing no industrial wastes may be made by trucks holding a valid permit at a manhole designated by the Superintendent for that purpose. Discharge of truck-transported grease pit contents or industrial wastewater shall take place only after notification is made to the Superintendent and then only at the locations specified by the Superintendent. The city requires payment as hereinafter provided for treatment and disposal costs.

(2) The WWTP reserves the right to refuse permission to discharge any waste that may cause interference or upset at the WWTP or any waste that violates any provision of this section.

(3) Any person holding a valid permit and wishing to discharge to the WWTP may be required to submit to the plant operator of the WWTP a sample of each load prior

to discharge. A fee and payment schedule shall be published in the permit to cover cost of the required analysis.

(4) It shall be illegal to discharge any batch liquid waste into any manhole or other part of the public sewer system or any building sewer or other facility that discharges to the public sewer system, except at designated points of discharge specified by the Superintendent for such purpose.

(5) Any liquid waste hauler illegally discharging to the public sewer system or discharging wastewater not authorized in the permit shall be subject to immediate revocation of discharge privileges and further subject to the penalties and enforcement actions prescribed in § 52.99 of this chapter including fines and imprisonment. A suspended permittee shall immediately cease discharging any wastes to the sanitary sewer system of the city or to facilities that discharge directly or indirectly into its system. Should a suspended permittee fail to voluntarily comply with any suspension order, the Superintendent shall take such actions as are deemed necessary or appropriate to prevent or minimize damage to the WWTP and/or to protect the health and welfare of the general public.

(6) A suspended permit may be reinstated by the Superintendent upon submission of assurances satisfactory to the Superintendent that the suspended permittee will comply with this section and the rules and regulations promulgated pursuant this section plus payment of such fines or other penalties as may be levied by the WWTP. The Superintendent shall require that within fifteen (15) days after the date of such occurrence, the suspended permittee submit a written report to the WWTP detailing the nature and extent of the violation(s) including any non-permitted discharges and the measures taken by the suspended permittee to prevent any future occurrences.

(7) Waste haulers who have been granted permission to discharge to the public sewer system shall pay fees for such discharge in accordance with a fee schedule established by the Superintendent and approved by the city. The city shall establish, and from time to time may alter, a schedule of fees, rates and charges for the Domestic Waste Hauler's Permit to cover the costs of treatment and disposal of all wastes governing permit issuance, requirements, conditions, suspensions and all other matters necessary or appropriate to implement this section.

(8) Dumping hours shall be limited to 6:00 a.m. to 6:00 p.m. local time Monday through Friday, excluding recognized city holidays. Dumping after hours or on holidays may be allowed by permission only from the operator on duty at the Westside Wastewater Treatment Plant.

(9) The permittee shall complete a chain of custody report for each load of waste deposited into the city's sewer system. The information on the chain of custody report shall be recorded, and signed by an employee of the permittee or the permittee himself and shall be in duplicate on forms furnished by the city. The original copy of the chain of custody will be maintained at the Westside Wastewater Treatment Plant. A summary invoice detailing the total monthly discharges will be mailed prior to the tenth of each month. Payment will be due within two (2) weeks of receipt.

(10) Discharge of all liquid wastes allowed under this section shall take place only at the location(s) designated by the Superintendent. The designated location or

manhole to be used under the Domestic Waste Hauler's Permit may be changed by the Superintendent as deemed necessary.

(11) The discharge of trucked and/or hauled wastes from industrial plating processes or radiator businesses is prohibited.

(12) Nothing in this section shall relieve waste haulers of the responsibility for compliance with the Hopkins County Health Department, state and federal regulations.

('74 Code, § 27-104) (Ord. passed 1-16-78; Am. Ord. passed 9-2-86; Am. Ord. passed 8-19-91; Am. Ord. 2002-09, passed 8-19-02; Am. Ord. 2005-01, passed 1-3-05; Am. Ord. 08-14, passed 9-18-08; Am. Ord. 2014-01, passed 1-6-14) Penalty, see § 52.99

§ 52.41 INTERCEPTORS.

Grease, oil, and sand interceptors shall be provided when, in the opinion of the Mayor, they are necessary for the proper handling of liquid wastes, containing grease in excessive amounts, or any flammable wastes, sand, or other harmful ingredients, except that such interceptors shall not be required for private living quarters or dwelling units. All interceptors shall be of a type and capacity approved by the Mayor, and shall be located as to be readily and easily accessible for cleaning and inspection.

('74 Code, § 27-105) (Ord. passed 1-16-78; Am. Ord. passed 9-2-86) Penalty, see § 52.99

§ 52.42 CONTROL MANHOLES.

When required by the Mayor, the owner of any property serviced by a building sewer carrying industrial wastes shall install a suitable control manhole together with such necessary meters and other appurtenances in the building sewer to facilitate observation, sampling, and measurement of the wastes. Such manhole, when required, shall be constructed in accordance with plans approved by the Mayor. The manhole shall be installed by the owner at his expense, and shall be maintained by him so as to be safe and accessible at all times.

('74 Code, § 27-106) (Ord. passed 1-16-78; Am. Ord. passed 9-2-86) Penalty, see § 52.99

§ 52.43 MEASUREMENTS, TESTS, AND ANALYSES.

All measurements, tests, and analyses of the characteristics of waters and wastes to which reference is made in this subchapter shall be determined in accordance with 40 CFR 136 or equivalent methods, and shall be approved by the United States Environmental Protection Agency.

('74 Code, § 27-107) (Ord. passed 1-16-78; Am. Ord. passed 9-2-86; Am. Ord. passed 8-19-91)

§ 52.44 DISCHARGES CONTAINING CERTAIN CONCENTRATIONS PROHIBITED.

All sewage service customers are prohibited from discharging above the following concentrations at any time unless a higher concentration limit for that specific user is established and incorporated into that user's wastewater contribution permit. The Mayor may apply and enforce alternative concentration limits to categorical SIU's which are subject to either production based standards or the combined wastestream formula.

(A) Arsenic	0.36
(B) Cadmium	0.02
(C) Total chromium	1.80
(D) Chromium, Hexavalent	0.12
(E) Copper	0.12
(F) Cyanide, Total	0.04
(G) Lead	0.07
(H) Mercury	0.002
(I) Nickel	1.16
(J) Selenium	0.07
(K) Silver	0.11
(L) Zinc	1.58
(M) Hydrocarbon based greases and/or oils, whether emulsified or not	100.00
(N) Oil and grease if of animal or vegetable origin	100.00

(‘74 Code § 27-108) (Ord. passed 1-16-78; Am. Ord. passed 5-2-83; Am. Ord. passed 9-2-86; Am. Ord. passed 6-20-88; Am. Ord. passed 7-1-91; Am. Ord. passed 8-19-91; Am. Ord. 2002-01A, passed 1-21-02; Am. Ord. 08-14, passed 9-18-08; Am. Ord. 2015-02, passed 2-17-15; Am. Ord. O-2016-8, passed 3-21-16)

§ 52.45 MAINTENANCE OF PRETREATMENT OR FLOW-EQUALIZING FACILITIES.

Where preliminary treatment or flow equalizing facilities are provided for any waters or wastes, they shall be maintained continuously in satisfactory and effective operation by the owner at his expense.

(‘7 Code, § 27-109) (Ord. passed 1-16-78; Am. Ord. passed 9-2-86)

§ 52.46 RESERVED.

§ 52.47 HEARING BOARD.

A Hearing Board shall be appointed as needed for arbitration of differences between the Mayor and sewer users on matters concerning interpretation and execution of the provisions of this subchapter by the Mayor. The cost of the arbitration will be divided equally between the city and the sewer users.

('74 Code, § 27-111) (Ord. passed 1-16-78; Am. Ord. passed 9-2-86)

§ 52.48 BACKFLOW PREVENTION; PROHIBITION OF CROSS-CONNECTION.

(A) The only approved type of backflow prevention is an air gap or vacuum breaker. Any mixing of liquids that does not have either of these devices is hereby prohibited as a cross-connection.

(B) The city, acting through its water superintendent or consulting engineer or their duly authorized assistants, shall direct investigations and keep suitable records of all premises, either residential, commercial, or industrial, suspected of having existing or proposed cross-connections with the municipal water supply.

(C) The city water superintendent or consulting engineer or their duly authorized representatives may enter upon any property of any residential, commercial, or industrial user of the water purveyor to inspect any suspected cross-connection violations of this section. Refusal to permit inspection by either the consulting engineer, water superintendent, or their duly authorized representatives shall be sufficient grounds to terminate water service.

(D) The consulting engineer or his agent shall order in writing the owner or occupant of any premises having or suspected of having any cross-connections to remove the cross-connections at his expense within twenty-five (25) hours of the date of receipt of the order to remove the cross-connections.

(Ord. passed 2-20-84; Am. Ord. passed 9-2-86) Penalty, see 52.99

§ 52.49 FEDERAL STANDARDS.

(A) Upon the promulgation of the federal categorized pretreatment standards for a particular industrial subcategory, the federal standard, if more stringent than the limitations imposed under this chapter for sources in that subcategory, shall immediately supersede the limitation imposed under this chapter. The Mayor shall notify all affected users of the applicable reporting requirements under 40 CFR, § 403.12.

(B) Where the city's wastewater treatment system achieves consistent removal of pollutants limited by federal pretreatment standards, the city may apply to the approval authority for modification of specific limits in the federal pretreatment standards.

CONSISTENT REMOVAL shall mean reduction in the amount of a pollutant or alteration of the nature of the pollutant by the wastewater treatment system to a less toxic or harmless state in the effluent which is achieved by the system in ninety-five percent (95%) of the samples taken when measured according to the procedures set forth in § 403.7(c)92) of Title 40 of the Code of Federal Regulations, Part 403: "General Pretreatment Regulations for Existing and New Sources of Pollution" promulgated

pursuant to the Clean Water Act. The city may then modify pollutant discharge limits in the federal pretreatment standards if the requirements contained in 40 CFR, Part 403, § 403.7, are fulfilled and prior approval from the approval authority is obtained.

(Ord. passed 9-2-86)

§ 52.50 ADMINISTRATION OF WASTEWATER PERMITS FOR INDUSTRIAL DISCHARGES.

(A) Wastewater discharges. It shall be unlawful to discharge without a city permit to any natural outlet within the city, or in any area under jurisdiction of the city, and/or to the POTW any wastewater from any industry listed in the Standard Industrial Classifications Manual, Bureau of the Budget, 1972, as amended, except as authorized by the Mayor in accordance with the provisions of this chapter. The city shall have jurisdictional authority over users outside city limits who contribute to the POTW's sewage system.

(B) Wastewater contribution permits

(1) General permits. All significant users proposing to connect to or to contribute to the POTW shall obtain a wastewater discharge permit before connecting to or contributing to the POTW. All existing significant users connected to or contributing to the POTW shall obtain a wastewater contribution permit within one hundred eighty (180) days after the effective date of this chapter.

(2) Permit application. Users required to obtain a wastewater contribution permit shall complete and file with the city, an application in the form prescribed by the city. Existing users shall apply for a wastewater contribution permit within thirty (30) days after the effective date of this chapter, and proposed new users shall apply at least ninety (90) days prior to connection to or contribution to the POTW. In support of the application, the user shall submit, in units and terms appropriate for evaluation, the following information:

(a) Name, address, and location (if different from the address);

(b) SIC number according to the Standard Industrial Classification Manual, Bureau of the Budget, 1972, as amended;

(c) Wastewater constituents and characteristics including, but not limited to those mentioned in § 52.44 as determined by a reliable analytical laboratory. Sampling and analysis shall be performed in accordance with procedures established by the EPA pursuant to § 304(g) of the Clean Water Act and contained in 40 CFR, Part 136, as amended;

(d) Time and duration of the contribution;

(e) Average daily and 30-minute peak wastewater flow rates, including daily, monthly and seasonal variations, if any;

(f) Site plans, floor plans, mechanical and plumbing plans and details to show all sewers, sewer connections, and appurtenances by the size, location and elevation;

(g) Description of activities, facilities, and plant processes on the premises, including all materials which are or could be discharged;

(h) Where known, the nature and concentration of any pollutants in the discharge which are limited by any city, state, or federal pretreatment standards, and a statement regarding whether or not the pretreatment standards are being met on a consistent basis and if not, whether additional operation and maintenance (O and M) and/or additional pretreatment is required for the user to meet applicable pretreatment standards;

(i) If additional pretreatment and/or O and M will be required to meet the pretreatment standards; the shortest schedule by which the user will provide such additional pretreatment. The completion date in this schedule shall not be later than the compliance date established for the applicable pretreatment standard. The following conditions shall apply to this schedule:

1. The schedule shall contain increments of progress in the form of dates for the commencement and completion of major events leading to the construction and operation of additional pretreatment required for the user to meet the applicable pretreatment standards (i.e., hiring an engineer, completing preliminary plans, completing final plans, executing contracts for major components, commencing construction, completing construction, and the like);

2. No increment referred to in division 1. above shall exceed nine (9) months;

3. Not later than fourteen (14) days following each date in the schedule and the final date for compliance, the user shall submit a progress report to the Mayor including, as a minimum, whether or not it complied with the increment of progress to be met on such date and, if not, the date on which it expects to comply with this increment of progress, the reason for delay, and the steps being taken by the user to return the construction to the schedule established. In no event shall more than nine (9) months elapse between such progress reports to the Mayor;

(j) Each product produced by type, amount, process or processes, and rate of production;

(k) Type and amount of raw materials processed (average and maximum per day);

(l) Number and type of employees, hours of operation of the plant, and proposed or actual hours of operation of the pretreatment system;

(m) Signature of an authorized representative of the industrial user; and

(n) Any other information as may be deemed by the city to be necessary to evaluate the permit application.

The city will evaluate the data furnished by the user and may require additional information. After evaluation and acceptance of the data furnished, the city may issue a wastewater contribution permit subject to the terms and conditions provided herein.

(3) Permit modifications. Within nine (9) months of the promulgation of a national categorical pretreatment standard, the wastewater contribution permit of users subject

to such standards shall be revised to require compliance with such standard within the time frame prescribed by such standard. Where a user, subject to a national categorical pretreatment standard, has not previously submitted an application for a wastewater contribution permit as required by division (B)(2), the user shall apply for a wastewater contribution permit within one hundred eighty (180) days after the promulgation of the applicable national categorical pretreatment standard. In addition, the user with an existing wastewater contribution permit shall submit to the Mayor within one hundred eighty days (180) after the promulgation of an applicable federal categorical pretreatment standard the information required by division (B)(2)(h) and (i) above.

(4) Permit conditions. Wastewater discharge permits shall be expressly subject to all provisions of this chapter and all other applicable regulations, user charges, and fees established by the city. Permits may contain the following:

(a) The unit charge or schedule of user charges and fees for the wastewater to be discharged to a community sewer;

(b) Limits on the average and maximum wastewater and characteristics;

(c) Limits on average and maximum rates and times of discharge or requirements for flow regulations and equalization;

(d) Requirements for installation and maintenance of inspection and sampling facilities;

(e) Specifications for monitoring programs which may include sampling locations, frequency of sampling, number, types, and standards for tests and reporting schedules;

(f) Compliance schedules;

(g) Requirements for submission of technical reports or discharge reports;

(h) Requirements for maintaining and retaining plant records relating to wastewater discharge as specified by the city, and affording city access thereto;

(i) Requirements for notification of the city of any new introduction of wastewater constituents and/or substantial change in the volume or character of the wastewater constituents being introduced into the wastewater treatment

(j) Requirements for notification of slug discharges; and

(k) Other conditions as deemed appropriate by the city to ensure compliance with this chapter.

(5) Permit duration. Permits shall be issued for a period of not to exceed three (3) years. A permit may be issued of a period of less than a year or may be stated to expire on a specific date. The user shall apply for permit reissuance a minimum of one hundred eighty days (180) prior to the expiration of the user's existing permit. The terms and conditions of the permit may be subject to modifications by the city during the term of the permit, as limitations or requirements as identified in division (B)(2) are modified or other just cause exists. The user shall be informed of any proposed changes in his permit at least thirty (30) days prior to the effective date of change. Any changes or new conditions in the permit shall include a reasonable time schedule for compliance.

(6) Permit transfer. Wastewater discharge permits are issued to a specific user for a specific operation. A wastewater discharge permit shall not be reassigned, transferred, or sold to a new owner, new user, different premises, or a new or changed operation without the approval of the city. Any succeeding owner or user shall also comply with the terms and conditions of the existing permit.

(Ord. passed 9-2-86; Am. Ord. passed 8-19-91; Am. Ord. 2014-01, passed 1-6-14)

Penalty, see § 52.99

§ 52.51 REPORTING REQUIREMENTS FOR PERMITTEE.

(A) Compliance date report. Within ninety (90) days following the date for final compliance with applicable pretreatment standards or, in the case of a new source, following commencement of the introduction of wastewater into the POTW, any user subject to pretreatment standards and requirements shall submit to the Mayor a report indicating the nature and concentration of all pollutants in the discharge from the regulated process which are limited by pretreatment standards and requirements and the average and maximum daily flow for these process units in the user facility which are limited by such pretreatment standards or requirements. The report shall state whether the applicable pretreatment standards or requirements are being met on a consistent basis and, if not, what additional O and M and/or pretreatment is necessary to bring the user into compliance with the applicable pretreatment standards or requirements. This statement shall be signed by an authorized representative of the industrial user, and certified by a qualified professional.

(B) Periodic compliance reports. Any user subject to a pretreatment standard, after the compliance date of such pretreatment standard or, in the case of new sources, after commencement of the discharge into the POTW, shall submit to the Mayor during the months of June and December, unless required more frequently in the pretreatment standard or by the Mayor, a report indicating the nature and concentration of pollutants in the effluent which are limited by such pretreatment standards. In addition, this report shall include a record of all daily flows which, during the reporting period, exceeded the average daily flow reported in § 52.50(B)(2)(e). Significant industrial users must report all self-monitoring conducted during the reporting period. Categorical users subject to production-based standards shall report annual production rates. At the discretion of flow rates, holidays, budget cycles, and the like, the Mayor may agree to alter the months during which the above reports are to be submitted. This report shall be signed by an authorized representative of the industrial user.

(1) The Mayor may impose mass limitations on users which are using dilution to meet applicable pretreatment standards or requirements, or in other cases where the imposition of mass limitations are appropriate. In such cases, the report required above shall indicate the mass of pollutants regulated by pretreatment standards in the effluent of the user. These reports shall contain the results of sampling and analysis of the discharge, including the flow, nature, and concentration, or production and mass where requested by the Mayor, of pollutants contained therein which are limited by the applicable pretreatment standards. The frequency of monitoring shall be prescribed in the applicable pretreatment standards. All analysis shall be performed in accordance with procedures established by the Administrator pursuant to § 304(g) of the Clean

Water Act and contained in 40 CFR, Part 136 and amendments thereto or with any other test procedures approved by the Administrator. Sampling shall be performed in accordance with the techniques approved by the Administrator.

(2) Note: Where 40 CFR, Part 136 does not include a sampling of analytical technique for the pollutant in question, sampling and analysis shall be performed in accordance with the procedures set forth in the EPA publication "Sampling and Analysis Procedures for Screening of Industrial Effluents for Priority Pollutants", April, 1977, and amendments thereto, or with any other sampling and analytical procedures approved by the Administrator.

(C) Monitoring facilities. The city shall require to be provided and operated at the user's own expense, monitoring facilities to allow inspection, sampling, and flow measurement of the building sewer and/or internal drainage systems. The monitoring facility should normally be situated on the user's premises, but the city may, when such a location would be impractical or cause undue hardship on the user, allow the facility to be constructed in the public street or sidewalk area and located so that it will not be obstructed by landscaping or parked vehicles. Significant industrial users must report a change in their monitoring point prior to making the change.

(1) There will be ample room in or near such sampling manhole or facility to allow accurate sampling and preparation of samples for analysis. The facility, sampling, and measuring equipment shall be maintained at all times in a safe and proper operating condition at the expense of the user.

(2) Whether constructed on public or private property, the sampling and monitoring facilities shall be provided in accordance with the city's requirements and all applicable local construction standards and specifications. Construction shall be completed within ninety (90) days following written notification by the city.

(3) If sampling performed by an industrial user indicates a violation, the user shall notify the city immediately. The user shall repeat the sampling and analysis and submit the results to the city within thirty (30) days after becoming aware of the violation. Exception to this regulation is only if the city performs sampling within the same time period for the same pollutant in question.

(D) Inspection and sampling. The city shall inspect the facilities of any user to ascertain whether the purpose of this chapter is being met and all requirements are being complied with. Person or occupants of premises where wastewater is created or discharged shall allow the city or its representative ready access at all reasonable times to all parts of the premises for the purposes of inspection, sampling, records examination, or in the performance of any of their duties. The city shall have the right to copy any records maintained by any user hereunder. The EPA shall have the right to set up on the user's property such devices as are necessary to conduct sampling, inspection, compliance monitoring, and/or metering operations. Where a user has security measures in force which would require proper identification and clearance before entry into their premises, the user shall make necessary arrangements with their security guards so that upon presentation of suitable identification, personnel from the city, approval authority, and the EPA will be permitted to enter, without delay, for the purpose of performing their specific responsibilities.

(E) Pretreatment. Users shall provide necessary wastewater treatment as required to comply with this chapter and shall achieve compliance with all federal categorical pretreatment standards within the time limitations as specified by the federal pretreatment regulations. Any facilities required to pretreat wastewater to a level acceptable to the city shall be provided, operated, and maintained at the user's expense. Detailed plans showing the pretreatment facilities and operating procedures shall be submitted to the city for review, and shall be acceptable to the city before construction of the facility. The review of such plans and operating procedures will in no way relieve the user from the responsibility of modifying the facility as necessary to produce an effluent acceptable to the city under the provisions of this chapter. Any subsequent changes in the pretreatment facilities or method of operation shall be reported to and be acceptable to the city prior to the user's initiation of the changes. Dilution is prohibited as a means of treating wastes to meet federal and local limits.

(1) The city shall annually publish in the Madisonville Messenger a list of the users which were in significant noncompliance with any pretreatment requirements or standards at least once during the previous twelve (12) months. The notification shall also summarize any enforcement actions taken against such users during the same twelve (12) months.

(2) All records relating to compliance with pretreatment standards shall be made available to officials of the EPA or approval authority upon request, and they shall be kept on file for a period of at least three (3) years. This period of retention shall be extended during the course of any unresolved litigation regarding the industrial user or POTW or when requested by officials of EPA or approval authority.

(F) Confidential information. Information and data on an industrial user obtained from reports, questionnaires, permit applications, permits, and monitoring programs and from inspections shall be available to the public or other governmental agency without restriction unless the user specifically requests and is able to demonstrate to the satisfaction of the city that the release of such information would divulge information, processes, or methods of production entitled to protection as trade secrets of the user.

(G) Bypass. An industrial user may allow any bypass to occur which does not cause pretreatment standards or requirements to be violated, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provision of divisions (G) (1) and (2) of this section.

(1) Notice.

(a) If an industrial user knows in advance of the need for a bypass, it shall submit prior notice to the Control Authority, if possible for at least ten (10) days before the date of the bypass.

(b) An industrial user shall submit oral notice of an unanticipated bypass that exceeds applicable pretreatment standards to the Control Authority within twenty-four (24) hours from the time the industrial user becomes aware of the bypass. A written submission shall also be provided within five (5) days of the time the industrial user becomes aware of the bypass. The written submission shall contain a description of the bypass and its cause; the duration of the bypass, including exact dates and times, and, if the bypass has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of

the bypass. The Control Authority may waive the written report on a case-by-case basis if the oral report has been received within twenty-four (24) hours.

(2) Prohibition of bypass.

(a) Bypass is prohibited, and the Control Authority may take enforcement action against an industrial user for a bypass, unless:

1. Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;

2. There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back-up equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventable maintenance; and

3. The industrial user submitted notices as required under division (G)(1) of this section.

(b) The Control Authority may approve an anticipated bypass, after considering its adverse effects, if the Control Authority determines that it will meet the three conditions listed in division (G)(2)(a) of this section.

(Ord., passed 9-2-86; Am. Ord., passed 3-20-89; Am. Ord. passed 8-19-91; Am. Ord. 2015-02, passed 2-17-15) Penalty, see § 52.99

§ 52.52 PERMIT SYSTEM.

The following three (3) classes of permits are established for:

(A) The installation of private sewage disposal facilities;

(B) Residential and commercial building sewers; and

(C) Industrial sewer connections.

(Ord. passed 9-2-86)

§ 52.53 VALIDITY.

(A) All ordinances or parts of ordinances in conflict with this chapter are hereby repealed.

(B) The invalidity of any section, clause, sentence, or provision of this chapter shall not affect the validity of any part of this chapter which can be given effect without such invalid part or parts.

(Ord. passed 9-2-86)

§ 52.54 ADMINISTRATIVE ENFORCEMENT REMEDIES.

(A) Notification of violation. Whenever the Mayor finds that any user has violated or is violating this chapter, or a wastewater permit or order issued hereunder, the Mayor or his agent may serve upon the user written notice of the violation. Within ten (10) days of the receipt date of this notice, an explanation of the violation and a plan for the satisfactory correction and prevention thereof, to include specific required actions, shall be submitted to the Mayor. Submission of this plan in no way relieves the user of liability for any violations occurring before or after receipt of the notice of violation.

(B) Consent orders. The Mayor is hereby empowered to enter into consent orders, assurances of voluntary compliance, or other similar documents establishing an agreement with the user responsible for the noncompliance. Such orders will include specific action to be taken by the user to correct the noncompliance within a time period also specified by the order. Consent orders shall have the same force and effect as administrative orders issued pursuant to division (D) below.

(C) Show cause hearing. The Mayor may order any user which causes or contributes to violation of this chapter or wastewater permit or order issued hereunder, to show cause why a proposed enforcement action should not be taken. Notice shall be served on the user specifying the time and place for the meeting, the proposed enforcement action and the reasons for such action, and a request that the user show cause why this proposed enforcement action should not be taken. The notice of the meeting shall be served personally or by registered or certified mail (return receipt requested) at least ten (10) days prior to the hearing. The notice may be served on any principal executive, general partner or corporate officer. Whether or not a duly notified user appears as noticed, immediate enforcement action may be pursued.

(D) Compliance order. When the Mayor finds that a user has violated or continues to violate this chapter or a permit or order issued hereunder, he may issue an order to the user responsible for the discharge directing that, following a specified time period, sewer service shall be discontinued unless adequate treatment facilities, devices, or other related appurtenances have been installed and are properly operated. Orders may also contain such other requirements as might be reasonably necessary and appropriate to address the noncompliance, including the installation of pretreatment technology, additional self-monitoring, and management practices.

(E) Cease and desist orders. When the Mayor finds that a user has violated or continues to violate this chapter or any permit or order issued hereunder, the Mayor may issue an order to cease and desist all such violations and direct those persons in noncompliance to:

(1) Comply forthwith.

(2) Take such appropriate remedial or preventive action as may be needed to properly address a continuing or threatened violation, including halting operations and terminating the discharge.

(F) Administrative fines. Notwithstanding any other section of this chapter, any user who is found to have violated any provision of this chapter, any user who is found to have violated any provision of this chapter, or permits and orders issued hereunder, shall be fined in an amount of at least one thousand dollars (\$1,000.00) per violation.

Each day on which noncompliance shall occur or continue shall be deemed a separate and distinct violation. Such assessments may be added to the user's next scheduled sewer service charge and the Mayor shall have such other collection remedies as he has to collect other service charges. Unpaid charges, fines, and penalties shall constitute a lien against the individual user's property. Users desiring to dispute such fines must file a request for the mayor to reconsider the fine within ten (10) days of being notified of the fine. When the Mayor believes a request has merit, he shall convene a hearing on the matter within fifteen (15) days of receiving the request from the user.

(G) Termination of permit.

(1) Users proposing to discharge into the POTW must first obtain a wastewater discharge permit from the control authority. Any user who violates the following conditions of this chapter or a wastewater discharge permit or order, or any applicable or state and federal law, is subject to termination of permits and/or sewer service:

(a) Violation of permit conditions.

(b) Failure to accurately report the wastewater constituents and characteristics of its discharge.

(c) Failure to report significant changes in operations or wastewater constituents and characteristics.

(d) Refusal of reasonable access to the user's premises for the purpose of inspection, monitoring, or sampling.

(2) Noncompliant users will be notified of the proposed termination of their wastewater permit and be offered an opportunity to show cause under division (C) above why the proposed action should not be taken.

(Ord. passed 8-19-91)

§ 52.55 JUDICIAL REMEDIES.

If any person discharges sewage, industrial wastes, or other wastes into the wastewater disposal system contrary to the provisions of this chapter or any order or permit issued hereunder, the Mayor, through the City Attorney, may commence an action for appropriate legal and/or equitable relief in the Circuit Court of Hopkins County, Kentucky.

(A) Injunctive relief. Whenever a user has violated or continues to violate the provisions of this chapter or permit or order issued hereunder, the Mayor, through counsel, may petition the court for the issuance of a preliminary or permanent injunction or both (as may be appropriate) which restrains or compels the activities on the part of the user. The Mayor shall have such remedies to collect these fees as it has to collect other sewer service charges.

(B) Civil penalties. Any user who has violated or continues to violate this chapter or any order or permit issued hereunder, shall be liable to the Mayor for a civil penalty of

not more than twenty five thousand dollars (\$25,000.00) but at least one thousand dollars (\$1,000.00) plus actual damages incurred by the POTW per violation per day for as long as the violation continues. In addition to the above described penalty and damages, the Mayor may recover reasonable attorney's fees, court costs, and other expenses associated with the enforcement activities, including sampling and monitoring expenses. The Mayor shall petition the court to impose, assess, and recover such sums. In determining amount of liability, the court shall take into account all relevant circumstances, including, but not limited to, the extent of hard caused by the violation, the magnitude and duration, any economic benefit gained through the user's violation, corrective actions by the user, the compliance history of the user, and any other factor as justice requires.

(Ord. passed 8-19-91)

§ 52.99 CIVIL AND CRIMINAL PENALTIES.

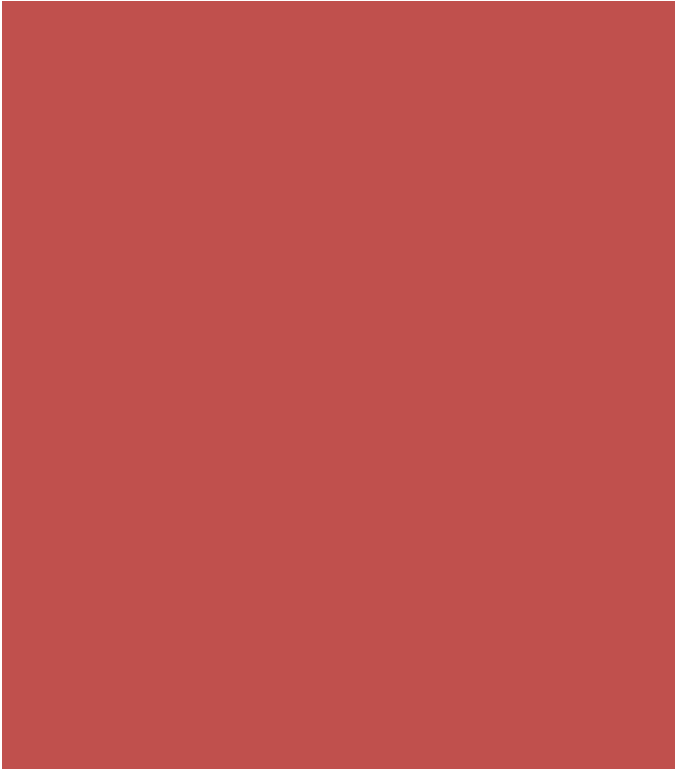
(A) Any person except an industrial user who shall violate any provision of this chapter shall be guilty of a misdemeanor, and on conviction thereof shall be fined in an amount of not less than one hundred dollars (\$100.00) and not more than five hundred dollars (\$500.00) for each violation. Each day in which any such violation shall continue shall be deemed a separate offense. Any industrial user who shall violate any provision of this chapter shall be fined in the amount of at least one thousand dollars (\$1,000.00) for each violation. Each day in which such violation shall continue shall be deemed a separate offense.

(B) Any person violating any of the provisions of this chapter shall become liable to the city for any expense, loss or damage occasioned by the city by reason of such violation.

(C) The Mayor, as control authority over the city's pretreatment program, is authorized to implement and enforce program requirements under 40 CFR 403.8. Any person found to be violating any provision of this chapter except § 52.31 shall be served, at the Mayor's discretion, whatever enforcement option he deems necessary as an initial response. The offender shall, within the period of time stated in such notice, permanently cease all violations.

(D) Any user who knowingly makes any false statements, representations, or certifications in any application, record, report, plan or other document filed or required to be maintained pursuant to this chapter, or wastewater permit, or who falsifies, tampers with or knowingly renders inaccurate any monitoring device or method required under this chapter shall be guilty of a misdemeanor and be punished by a fine of at least five hundred dollars (\$500.00) per violation or imprisonment for not more than one year or both. Each day shall be considered a separate violation.

(Ord. passed 9-2-86; Am. Ord. passed 3-20-89; Am. Ord. passed 8-19-91; Am. Ord. 2014-01, passed 1-6-14)

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Appendix B –
Wholesale Water Contracts
FY 2020 Calculations Nebo
and Hanson

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
Douglas E. Oates Bldg., Madison Square Shopping Center
Madisonville, KY 42431

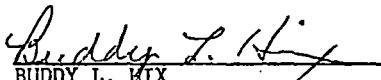
JUL 26 1979

SUBJECT: Agreement Between The City Of Madisonville
And The Nebo Water District

• July 25, 1979

TO: Charlotte Baldwin
Madisonville, KY 42431

Enclosed is a copy of the Agreement between The City of Madisonville
and The Nebo Water District for the Sale and Purchase of Treated
Water.


BUDDY L. MIX
DISTRICT DIRECTOR

Enclosure: Attached

*Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination based on race, sex, religion,
national origin or marital status should be sent to:
Secretary of Agriculture, Washington, D. C. 20250*

Secretary was duly authorized;

NOW, THEREFORE, in consideration of the foregoing and the mutual
agreement herein set forth, it is agreed by the parties as follows:

AGREEMENT BETWEEN THE CITY OF MADISONVILLE
AND THE NEBO WATER DISTRICT FOR THE SALE
AND PURCHASE OF TREATED WATER

THIS AGREEMENT made and entered into this ____ day of ____, 1977,
by and between the CITY OF MADISONVILLE, HOPKINS COUNTY, KENTUCKY,
hereinafter referred to as the "Seller", and the NEBO WATER DISTRICT,
HOPKINS COUNTY, KENTUCKY, its successors or assigns hereinafter
referred to as the "Purchaser",

WITNESSETH THAT:

WHEREAS, the Seller owns and operates a water treatment plant and
is constructing facilities to provide additional raw water which
combined with present water sources should provide capacity for
treated water in excess of the current requirements of the Seller and;

WHEREAS, the Purchaser proposes to construct a water supply dis-
tribution system and desires to purchase treated water in order
to provide water services to customers within its district, and;
said system is anticipated to be financed by Farmers Home Administration

WHEREAS, by resolution enacted on the 18th day of July, 1977,
by the City Council of the City of Madisonville, Hopkins County,
Kentucky, the sale of treated water in accordance with the terms
or provisions of this Agreement was approved, and the execution
of this Agreement carrying out the said resolution by the City
Council of the City of Madisonville, Hopkins County, Kentucky
was duly authorized, and;

WHEREAS, by resolution of the Commissioners of the Nebo Water
District, Hopkins County, Kentucky on or about the 15 day of
July, 1977, the purchase of treated water in accordance with the
terms and conditions set forth in this Agreement was approved, and
the execution of this contract by the Chairman and attested by the
Secretary was duly authorized;

NOW, THEREFORE, in consideration of the foregoing and the mutual
agreement herein set forth, it is agreed by the parties as follows:

1. The Purchaser shall construct a water transmission and distribution system as set forth in the Engineering Report of Florence & Hutchinson Inc., Consulting Engineers, and tap onto the Seller's water supply system at the location described in Appendix A attached hereto and incorporated herein by reference, said tap shall be done according to the plans and specifications and to the approval of the City Engineer of the City of Madisonville. All construction costs shall be borne by the Purchaser.

2. The Seller shall install a ten inch water meter at or near the location of the tap-on cited above. The Seller agrees to furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosing by test to be inaccurate shall be corrected for the three months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on or about the first day of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

3. The Purchaser shall pay the Seller a connection fee to connect the Seller's system with the system of the Purchaser. The connection fee shall be determined on the basis of actual cost (including labor, materials and equipment) for the connection, as reasonably determined by the Seller at the time of the connection.

4. The Seller agrees to make available for delivery and use of the Purchaser potable treated water, meeting the applicable purity standards of the Kentucky State Board of Health, at approximately 75-82 PSI, in such quantity as may be required by the purchaser, not to exceed twelve million five hundred thousand (12,500,000) gallons per month, which is equal to approximately five times the present estimated monthly requirements of the purchaser: That the Seller shall at all times, operate and maintain its system in an efficient manner and shall take such action as may be necessary to furnish the Purchaser with the quantity of water required by the Purchaser.

Provided, however, in the event of reduction of water supply available to the Seller, the amount of water that the Seller is required to furnish the Purchaser, under the terms of this agreement or its amendments, may be reduced or diminished in the same ratio or proportion as the water supply is reduced or diminished to other customers serviced by the Seller.

5. The Purchaser agrees to pay for water on a monthly basis in an amount equal to metered usage, times the current fiscal year charges, which charges are provided for in a separate Variable Rate Schedule attached hereto and made a part hereof; provided, however that the Purchaser shall pay a monthly minimum payment equal to one million (1,000,000) gallons, times the current fiscal year rate charge, in the event that monthly metered usage is equal to or less than the minimum monthly gallonage specified, above.

6. The fiscal year rate charges, included in a separate schedule attached hereto, provide for variable charges based on demonstrable costs to the Seller for providing treated water to the Purchaser, during the Seller's most recent calendar or operating year. These charges will be developed during a six (6) month period following the end of the Seller's operating year, which should provide sufficient time to obtain the annual Report of examination of the Seller's financial records by an independent firm of Certified Public Accountants. The fiscal year rate charges

to the Purchaser will remain fixed during the period from July 1 each year to June 30 of the next succeeding year. However, the rate charges for each fiscal year will vary in accordance with demonstrable costs, as defined in the Variable Rate Schedule attached, hereto.

7. The construction of the water transmission and distribution system by the Purchaser as referred to herein, which is proposed to be partially financed by a grant and a loan from the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provision hereof pertaining to the undertakings of the Purchaser are conditional upon the approval of this agreement, in writing, by the appropriate officers or employees of the said Farmers Home Administration, and the partial financing of said project by said Farmers Home Administration.

8. The Purchaser agrees to notify the Seller in writing at least ten (10) days prior to the estimated date of completion of construction of the Purchaser's water transmission and distribution system.

9. Any modification to this Agreement pertaining to the formula for determining variable fiscal year rate charges to be paid by the Purchaser, which formula is provided for in the Variable Rate Schedule attached hereto, is subject to the approval of the Farmers Home Administration. Other provisions of this Agreement may be modified or altered by mutual agreement.

10. The terms of this Agreement shall extend for a term of Forty (40) years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and the Purchaser. The delivery date shall be inserted and made a part of this contract on the back of the last page of this contract and shall be signed by the Mayor of the City of Madisonville, and the appropriate officials of the Nebo Water District.

11. That this Agreement is subject to such rules, regulations, or laws as may be applicable to similar agreements in the Commonwealth of Kentucky, and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

12. Any successor to either the Seller or Purchaser shall succeed to the obligations, rights and duties of its predecessor as set forth in this Agreement or any amendments thereof.

13. Failure of pressure to the main supply, line breaks, power failure, flood, fire, earthquakes or other catastrophes shall excuse the Seller from complying with those terms of this Agreement for supply of water or pressure until the time as the cause of the reduction of pressure or supply of water has been removed or remedied. A reasonable effort will be made by the Seller to remedy or remove the reduction of pressure or loss of supply of water.

14. This contract is hereby pledged by the Nebo Water District to the United States of America acting through the Farmers Home Administration as part of the security for a loan from the United States of America.

15. Should the sale of this water cause an excessive use of the Seller's existing treatment plant resulting in any governmental regulatory agency refusing to permit the excessive use, the seller shall be relieved of his obligations hereunder until said agency remove said restrictions, or should it become physically impossible for the seller to furnish water to the purchasers, and sellers correct wholesale and retail consumers with its present water treatment facilities, then seller shall be relieved of its obligations hereunder until the seller's new water treatment plant is constructed and operational.

16. The Purchaser shall adopt a regulation providing that any subdivision of 5 or more lots by a subdivider or developer shall be required to comply with the subdivision regulations of the City of Madisonville provided said real estate is located within 3 miles of the City limits of Madisonville.

17. Seller shall have the option to purchase any facilities of Purchaser existing within any duly annexed territory of the Seller at a reasonable and fair price to be negotiated by the parties.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, cause this Agreement to be duly executed.

City of Madisonville, Hopkins County, Kentucky

BY: James L. Gill, Jr.
~~Mayor, Curtis McCoy, Sr.~~
Mayor Pro-tem, James L. Gill, Jr.

ATTESTED BY:

James Lee
Clerk-Treasurer
City of Madisonville, Hopkins County, Kentucky

Nebo Water District, Hopkins County, Kentucky
BY: Water Commissioners

James W. Rust Chairman
J. H. ...
...

ATTESTED BY:

J. H. ...
Secretary

Approved By:
Farmers Home Administration

David R. King
Community Program Specialist
Title

7-16-79

APPENDIX A

The water meter shall be located on the West property line of the General Electric property near the General Electric Manufacturing Plant in Madisonville, Kentucky.

AGREEMENT BETWEEN THE CITY OF MADISONVILLE
AND THE NEBO WATER DISTRICT FOR THE SALE
AND PURCHASE OF TREATED WATER

VARIABLE RATE SCHEDULE

Section 1, General.

This variable rate schedule attachment is a part of and incorporated into the Water Purchase Agreement made and entered into this ____ day of _____, 1977, by and between the City of Madisonville, Hopkins County, Kentucky ("Seller") and the Nebo Water District, Hopkins County, Kentucky ("Purchaser").

Section 2, Definitions.

Unless the context specifically indicates otherwise, the meaning of terms used in this rate schedule attachment shall be as follows:

- (a) "Seller" shall mean the City of Madisonville Municipal Water Utility.
- (b) "Purchaser" shall mean the Nebo Water District.
- (c) "Seller's operating year" shall mean a calendar year.
- (d) "Wholesale fiscal billing rate year" shall mean a twelve (12) month period commencing July 1 and ending the following June 30.
- (e) "Initial wholesale fiscal year billing rate for the Nebo Water District" shall mean the initial rate or charges for purchased water during a period commencing on the date of this agreement and extending through June 30, 1978.
- (f) "Capital costs of plant" shall mean the recorded un-depreciated costs of the Seller's property, plant and equipment at December 31 each calendar year, net of governmental grants, as identified and recognized in

the annual examination of the Seller's financial records, by the firm of Certified Public Accountants conducting the examination of the Seller's financial records for the most recent calendar year.

- (g) "Operation and maintenance expense" shall mean all operating expenses, excluding depreciation expenses, capital costs of improvements, betterments, replacements, etc., and debt service costs (including interest) for the Seller's operating year as identified and recognized in the annual examination of the Seller's financial records, by the firm of Certified Public Accountants conducting the examination of the Seller's financial records for the most recent calendar year.
- (h) "Monthly payment date" shall mean a date established by the Seller whereby the Purchaser agrees to pay not later than the established date the charges for water furnished during the preceding month.
- (i) "Capital cost replacement factor" shall mean two (2) percent of total capital costs assigned to the Purchaser as a charge to partially recover the cost of replacing plant equipment dedicated to the use of the Purchaser.
- (j) "Capital cost recovery factor" shall mean six (6) percent of total capital costs assigned to the Purchaser as a charge to partially recover the capital costs of constructing plant facilities dedicated to the use of the Purchaser.
- (k) "Fiscal year wholesale charge rate" shall mean a rate based on demonstrable costs to the Seller for providing treated water. The rate will be computed on the basis

of the Seller's costs for the Seller's most recent operating year. The fiscal year wholesale charge rate may vary from year to year depending upon demonstrable costs.

- (l) "Cost review formula for revising fiscal year wholesale rate charges" shall mean the formula, which appears in Section 4 of this rate schedule attachment. The formula was developed on the basis of a special accounting study dated June 17, 1977 by H.J. Umbaugh & Associates, Certified Public Accountants, Indianapolis, Indiana, which study is by reference made a part of this Water Purchase Agreement the same as if the study were incorporated herein.
- (m) "Total billed gallons" shall mean the total billed water consumption for all users serviced by the Seller during the Seller's most recent operating year.
- (n) "Wholesale user's percent of total billed gallons" shall mean the percent of total usage billed to the wholesale purchaser during the same period identified in subsection (m), above.
- (o) "Cost function" shall mean a cost that is identified by the nature of the service provided and is included in the cost review formula in Section 4 (b) of this attachment.

Section 3, Initial wholesale fiscal year billing rate for the Nebo Water District.

- (a) The initial fiscal year billing rate or wholesale charge to the Purchaser for treated water shall be fifty-nine (\$.59) cents per 1,000 gallons.
- (b) Computation of the initial rate is included in an Accounting Report identified in Section 2 (1) above.

Section 4, Cost review formula for revising fiscal year wholesale rate charges.

- (a) Each calendar year commencing on and after January 1, 1978, the Seller shall prior to July 1 of that year determine the rate or charges for wholesale water purchases for the next wholesale fiscal billing rate year based upon a calculation of the following demonstrable costs. Such costs shall be taken from the annual financial report of the Seller for the preceding operating year which has been examined by a firm of Certified Public Accountants.
- (b) Cost review formula for revising fiscal year wholesale rate charges.

Section 5, Provision to modify formula for determining variable fiscal year wholesale water rate charges.

(a) At the end of every five (5) year period either party to this Agreement may request that a special study be conducted by a firm of consulting engineers, certified public accountants, or other outside utility rate consultants to review the continuing applicability and equity of fiscal year charges determined on the basis of the formula outlined in Section 4, above. Provided, that both parties shall agree upon a consultant for this purpose.

(b) The cost of such special study authorized in Section 5 (a) above will be borne by the party requesting such study or as may be agreed to by both parties.

Section 6, Billing period, monthly date and notification of fiscal year wholesale billing rate.

(a) The billing period and monthly payment date shall be as established by the Seller in accordance with any applicable laws, rules, regulations or procedures governing normal service and billing charges.

(b) The wholesale user shall be notified at least sixty (60) days in advance of the revised wholesale billing rate for each next succeeding fiscal year. The notification shall include a copy of the computation and cost review formula used for revising the fiscal year wholesale rate charges.

Section 7, Right to inspect or otherwise review Seller's financial reports and records.

- (a) Upon request the purchaser shall have the right to inspect or review the books and records of the Seller.
- (b) If desired, the purchaser may request an independent audit of the books of the Seller as they pertain to the cost of treating and supplying water, and the parties shall agree upon a Certified Public Accountant for this purpose. The cost of such audit shall be borne by the Purchaser.

-1- Capital cost:

<u>Cost Function</u>	<u>Amount</u>	<u>Percent</u>	<u>Wholesale User's % Of Total Billed Gallons</u>	<u>Cost</u>
Source of supply	\$	100.0% X	:	\$
Treatment plant		100.0% X		
Storage		65.0% X		
Transmission & distribution		43.0% X		
General		10.0% X		
Customer		.1% X		
Hydrants		0.0% X		
Total	<u>\$</u>			<u>\$</u>

-2- Replacement cost:

Allocated capital cost x 2% + wholesale users most recent annual billed gals. \$

-3- Capital cost recovery:

Allocated capital cost x 6% + wholesale users most recent annual billed gals.

-4- Cash operation and maintenance expenses:

<u>Cost Function</u>	<u>Amount</u>	<u>Percent</u>	<u>Total Billed Gallons =</u>
Treatment	\$	90%	\$
Transmission & dist. (1)		45%	
General		45%	
Commercial		0	
Hydrant maint.		0	
Total	<u>\$</u>		<u>\$</u>

-5- Customer costs \$144.00 divided by wholesale user's most recent annual billed gallons.

Total \$

-6- The user charge or rate determined above shall be increased or decreased to the nearest one cent. An amount of five (\$.005) mills or more shall be increased to the next highest cent, whereas, an amount of four (\$.004) mills or less shall be decreased to the next lower cent.

ACCOUNTING SERVICES AGREEMENT

This Agreement made and entered into this 6th day of June, 1977,
by and between the City of Madisonville, Hopkins County, Kentucky
and the Nebo Water District, Hopkins County, Kentucky acting
jointly by and through the City's duly elected public officials
and the Water District Directors (the "City/District") and H.J.
Umbaugh & Associates, Certified Public Accountants, Indianapolis
and Plymouth, Indiana, (the "Accountants");

WITNESSETH THAT:

WHEREAS, the City owns and operates a water treatment plant with a
capacity in excess of the current requirements of the municipal
customers, and;

WHEREAS, the District proposes to construct a water supply distri-
bution system and will require a supply of treated water, and;

WHEREAS, the City proposes to sell ("Seller") water to the District
("Purchaser") in accordance with terms set forth in a Water Pur-
chase Contract which must be acceptable to the Farmers Home
Administration ("FmHA") in order for the Purchaser to obtain
financial assistance from FmHA to construct a water distribution
system, and;

WHEREAS, the City/District desires to have a cost accounting study conducted in order to establish an equitable water purchase agreement;

NOW, THEREFORE, in consideration of the mutual promises and undertakings of the parties hereto, it is mutually agreed as follows:

ARTICLE 1. Cost Study

The Accountants will:

- A. Make a comprehensive study from available records of the capital cost of the seller's present water utility and the cost of any current proposed additions in order to determine and classify capital costs by major functions, such as, source of supply, pumping plant, transmission, distribution, fire protection and customer service for the purpose of segregating and allocating such capital costs to and between the costs of supplying treated water and all other costs.
- B. Study and analyze the seller's operation and maintenance expenses from available records for the calendar year 1976 in order to classify and determine the amount and nature of such operation and maintenance expenses for the purpose of determining the initial amount and type of continuing operation and maintenance expenses that should be included in the proposed water purchase agreement.
- C. Confer with consulting engineers and/or other representatives in order to project the first year cost of providing treated water to the purchaser and to develop a format for periodic and continuing review of appropriate cost data in order to revise future charges in an equitable manner, where appropriate.
- C. (a) As modified, it is the intent of the parties that the format for periodic review will also include a basic formula which could serve as a guide for establishing purchase agreements with and between other wholesale users.

- D. To prepare and furnish an accounting report of the findings and suggestions concerning the cost of providing treated water to the purchaser.
- E. Furnish information to the attorneys for the City/District and to the Farmers Home Administration which may be needed for the drafting of the Water Purchase Contract and resolutions to be adopted by the City/District.
- F. Meet with representatives of the City/District to discuss findings, recommendations and suggestions underlying the proposed Water Purchase Contract.
- G. Confer, if deemed appropriate, with representatives of the Farmers Home Administration.

ARTICLE 2. Charges

The Accountants' charges for services and expenses in connection with the services to be rendered for the City/District shall be not less than forty-five hundred dollars (\$4,500) and shall not exceed the sum of seventy-two hundred dollars (\$7,200). Such charges shall be shared equally by the City/District.

ARTICLE 3. Expenses

~~The accountants will pay all the out-of-pocket expenses~~ incurred by them in connection with this Agreement.

ARTICLE 4. Litigation

The fees for services set forth herein shall not include services and/or expenses of the Accountants in relation to any litigation or the threat thereof, and any fees

or expenses of the Accountants incurred on such account shall be billed separately.

ARTICLE 5. Assignment

Neither this Agreement nor any interest of the Accountants herein may be assigned by them without the written consent of the City/District.

ARTICLE 6. Assistance

The City/District agrees to cooperate with and assist the Accountants in connection with the services required of them herein, and to provide to the Accountants full and complete access to all books, records and documents which the Accountants may reasonably request.

ARTICLE 7. Termination

This Agreement may be terminated by the City/District or by the Accountants at any time upon ten (10) days written notice thereof.

ARTICLE 8. Adjustments

In the event the services under this Agreement shall be performed on or after December 31, 1977, such services and the compensation therefor may be adjusted in accordance with changing requirements and conditions, inflationary factors or other influences that may impair the reasonableness and fairness of this Agreement.

ARTICLE 9.

Accountants' Opinion

The work performed by the Accountants shall not include an audit of the records nor the expression of an opinion on financial data unless specifically provided for.

ARTICLE 10.

Payment

Payment shall be made by the City/District within thirty (30) days after receiving billings therefor upon completion of services by the Accountants or upon termination of the Agreement.

ARTICLE 11.

Additional Services

In the event other services such as, but not limited to, participating in public meetings, testifying before the Public Service Commission of Kentucky, updating accounting information because of unusual delays beyond the accountants control are required of the Accountants by the City/District of a kind not specified within this Agreement, the Accountants shall perform such services upon specific instructions by the City/District and shall be compensated therefor based upon the normal time and expense charges of the Accountants for such accounting services. At the request of the City/District, the Accountants will provide a range of charges prior to commencement of such work.

IN WITNESS WHEREOF, the Parties have hereunto set their hands
and seals at Hopkins County, Kentucky on the day and year set out;

The City of Madisonville, Kentucky
By Its Mayor and City Council

Ernie D. McCoy Jr.
Mayor

The Nebo Water District
By Its Board of Directors

James W. Reed
Thomas H. Porter
Charles P. Morrow

ATTEST:

Jocelyn Rice
Clerk-Treasurer

ATTEST:

Thomas H. Porter
Secretary

H.J. Umbaugh & Associates
Certified Public Accountants

By: Raymond H. Umbaugh
Partner

WATER PURCHASE CONTRACT

This Contract for the sale and purchase of water is entered into as of the 29th day of March, 1994, between the City of Madisonville, P. O. Box 705, Madisonville, Kentucky 42431, hereinafter referred to as the "Seller" and the South Hopkins Water District, P. O. Box 308, Dawson Springs, Kentucky 42408, hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the laws of the Commonwealth of Kentucky, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by Resolution enacted on the 21st day of March, 1994, by the Seller, the sale of water to the

Purchaser in accordance with the provisions of the said Resolution was approved, and the execution of this contract carrying out the said Resolution by the Mayor of Madisonville, Kentucky, and attested by the City Clerk was duly authorized and

Whereas, by Resolution of the South Hopkins Water District enacted on the 29th day of March, 1994, the purchase of water from the Seller in accordance with the terms set forth in the said Resolution was approved, and the execution of this Contract by Edwin Martin, Chairman of the South Hopkins Water District;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this Contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Commonwealth of Kentucky in such quantity as may be required by the Purchaser not to exceed 1,800,000 gallons per month. In the event the chlorine levels at the point of delivery are not sufficient to comply with water quality standards, the Purchaser shall install and operate at its own expense a booster chlorinator sufficient to bring the

chlorine levels into compliance.

2. (Point of Delivery and Pressure) The City of Madisonville makes no representation or warranty as to the water pressure of the water delivered pursuant to this Contract. If a greater pressure than that available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Billing Procedure) To furnish the Purchaser at the above address not later than the 10th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the ___ day of each month, for water delivered in accordance with the following schedule of rates:

a. \$1.67 per 1000 gallons.

2. (Metering Equipment) To install and operate, at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of

standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested or desirable but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the one month previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on or before the ___ day of each month. An appropriate official of the Seller at all reasonable times shall have access to the meter for the purpose of verifying its readings.

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this Contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or

extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, to other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at the time, at a flat charge of \$_____ which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an

extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished. Purchaser shall only fill its water tank between the hours of midnight and 5:00 a.m. except in an emergency situation.

5. (Modification of Contract) That the provisions of this Contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this Contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies) That this Contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from,

the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this Contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in two counterparts, each of which shall constitute an original.

CITY OF MADISONVILLE

By: Philip H. Terry
Philip H. Terry, Mayor

SOUTH HOPKINS WATER DISTRICT

By: Edwin Martin
Edwin Martin, Chairman

JAE/mea/0317Water



BerryKington & Utley PSC
Certified Public Accountants

2822 North Main Street ■ Madisonville, KY 42431

Phone 270-821-3355 ■ Fax 270-821-0101

January 14, 2019

Mr. Cory Alexander
City Finance Director/Treasurer
City of Madisonville, Kentucky
67 North Main Street
Madisonville, KY 42431

Dear Cory:

We have prepared the accompanying Cost Review Formulas for revising calendar year wholesale rate charges as per Treated Water Sale and Purchase Agreements with the Nebo Water District.

We prepared the Cost Review Formulas using June 30, 2017 audited financial statements and wholesale user consumption records as provided by the City of Madisonville. We did not audit the wholesale user consumption records during our June 30, 2017 audit due to the fact that such records were outside the scope of the audit.

The wholesale water rate to be charged to the Nebo Water District is \$4.52 per each one thousand gallons of treated water. It is my understanding that the new rate will be charged from March 31, 2019 to March 31, 2020.

We appreciate the opportunity to be of service to the City of Madisonville. Please call if you have any questions regarding these computations.

Very truly yours,

Charles A. Kington, CPA

CITY OF MADISONVILLE, KENTUCKY

WATER RATE ANALYSIS

NEBO WATER DISTRICT

(PER 1,000 GALLONS)

CAPITAL COSTS	Amount	Percentage To Be Shared	Capital Costs To Be Shared	(B/C)	Allocated Capital Costs	Cost Per 1,000 Gallons Of Water
				105,357 970,781 Allocation Percentage		
Source of Supply	\$ 2,125,698.94	100.00	\$ 2,125,698.94	10.8528	\$ 230,697.85	
Water Treatment Plant	20,428,784.00	100.00	20,428,784.00	10.8528	2,217,095.07	
Storage Facilities	2,624,008.96	65.00	1,705,605.82	10.8528	185,105.99	
Transmission and Distribution	8,178,144.37	43.00	3,516,602.08	10.8528	381,649.79	
General	962,388.23	10.00	96,238.82	10.8528	10,444.61	
Customer and Administrative	4,589,980.76	0.10	4,589.98	10.8528	498.14	
Hydrants	162,375.66	-	-		-	
Total	\$ 39,071,380.92		\$ 27,877,519.64		\$ 3,025,491.45	

ALLOCATED CAPITAL COST X 2%

DIVIDED BY WHOLESALE USER'S

MOST RECENT ANNUAL BILLED

GALLONS

$$\$ 3,025,491.45 \times 2 \text{ Percent} = \$ 60,509.83 \times 1/105357 = \$ 0.57433$$

ALLOCATED CAPITAL COST X 6%

DIVIDED BY WHOLESALE USER'S

MOST RECENT ANNUAL BILLED

GALLONS

$$\$ 3,025,491.45 \times 6 \text{ Percent} = \$ 181,529.49 \times 1/105357 = 1.72299$$

CASH OPERATION AND MAINTENANCE

EXPENSES

EXPENSES	Amount	Percentage To Be Shared	Allocated Expenses	Billed Gallons	
Membrane Replacement	100,865.29	90.00	90,778.76	970,781	0.09351
Transmission and Distribution	1,315,088.00	45.00	591,789.60	970,781	0.60960
General	99,340.00	45.00	44,703.00	970,781	0.04605
Total	\$ 3,099,282.29		\$ 2,152,861.46		

CUSTOMER COSTS DIVIDED BY

WHOLESALE USER'S MOST RECENT

ANNUAL BILLED GALLONS

$$\$144.00 \times 1/105357 = 0.00137$$

CURRENT CALCULATED WATER RATE (Rounded \$4.52)

$$\underline{\underline{\$ 4.51635}}$$

CITY OF MADISONVILLE, KENTUCKY
WATER RATE ANALYSIS
CAPITAL COSTS

	COST		
A. <u>SOURCE OF SUPPLY</u>			
Green River Pipeline	\$ 3,364,071.64	11	
Land, Dams and Lakes	1,155,924.86	12	
Lakes and Intake Sources	605,702.44	10	
Sub Total	5,125,698.94		
Less: Grants	(3,000,000.00)		
Total	\$ 2,125,698.94		
B. <u>WATER TREATMENT PLANT</u>			
Treatment Plant Equipment	\$ 19,945,985.26	14	
Water Filtration Membranes	482,798.74		
Total	\$ 20,428,784.00		
C. <u>STORAGE FACILITIES</u>			
	\$ 2,624,008.96	6	
D. <u>TRANSMISSION AND DISTRIBUTION</u>			
Water Mains	\$ 7,337,442.25	1	
Filtration	651,987.03	13	
Distribution	152,840.03	2	
Easements	35,875.06	3	
Total	\$ 8,178,144.37		
E. <u>GENERAL MAINTENANCE EQUIPMENT</u>			
Distribution	\$ 711,899.81	4	
Filtration	250,488.42	5	
Total	\$ 962,388.23		
F. <u>CUSTOMER AND ADMINISTRATIVE</u>			
Water Services	\$ 2,272,961.65	7	
Meters	2,197,656.96	8	
Filtration Office Equipment	53,272.15	9	
Distribution Office Equipment	10,558.24	16	
Utility Office Equipment - (222,127.02 x 25%)	55,531.76		
Total	\$ 4,589,980.76		
G. <u>HYDRANTS</u>			
	\$ 162,375.66	15	
GRAND TOTAL	\$ 39,071,380.92		

CITY OF MADISONVILLE, KENTUCKY
WATER AND SEWER FUND
COMPARATIVE SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Depreciation</u>	\$ <u>2,673,604</u>	\$ <u>2,584,271</u>
<u>Wastewater Collection</u>		
Maintenance	1,810,125	1,287,815
Fuel and power	143,254	138,911
Materials and supplies	16,787	58,856
Engineering/billing fees	809	360
Total	<u>1,970,975</u>	<u>1,485,942</u>
<u>Wastewater Treatment</u>		
Salaries and wages	418,789	411,673
Fuel and power	278,872	241,869
Sludge hauling	168,330	162,263
Pension and other post employment benefits	134,672	9,697
Materials and supplies	127,233	121,781
Employee benefits	87,927	86,247
Maintenance	44,042	137,906
Payroll taxes	32,421	31,367
Professional fees	19,812	29,175
Total	<u>1,312,098</u>	<u>1,231,978</u>
<u>Purification</u>		
Salaries and wages	526,188	493,235
Materials and supplies	443,464	469,310
Pension and other post employment benefits	227,811	91,910
Maintenance	152,343	123,794
Employee benefits	97,035	92,513
Filter water analysis	55,447	38,498
Payroll taxes	39,244	35,925
Engineering	37,116	80,571
Small tools and work equipment	5,341	6,574
Total	<u>1,583,989</u>	<u>1,432,330</u>
<u>Distribution Maintenance</u>		
Water mains	609,922	545,544
Hydrants	373,693	235,729
Other	331,473	228,882
Total	<u>1,315,088</u>	<u>1,010,155</u>
<u>Other</u>		
Billing and collection	159,000	159,000
Professional fees	84,000	84,000
Insurance	74,861	78,473
Miscellaneous	60,135	64,576
Uncollectible accounts	33,656	9,599
Total	<u>411,652</u>	<u>395,648</u>
<u>Power Purchased</u>	<u>369,282</u>	<u>321,547</u>
<u>Total Operating Expenses</u>	<u>\$ 9,636,688</u>	<u>\$ 8,461,871</u>

CITY OF MADISONVILLE
ALLOCATION OF OTHER EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

<u>CAFR Description</u>	<u>Water</u>	<u>Sewer</u>	<u>CAFR Total</u>
Insurance	\$ 43,771	\$ 31,090	\$ 74,861
Miscellaneous	33,270	26,865	60,135
Uncollectible Accounts	22,299	11,357	33,656
Total	<u>\$ 99,340</u>	<u>\$ 69,312</u>	<u>\$ 168,652</u>

CITY OF MADISONVILLE, KENTUCKY
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

Table 15

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Building permits issued	231	204	192	215	194	194	202	191	187	171
Police										
Physical arrests	4,056	3,994	3,451	3,625	3,927	3,910	3,764	4,271	4,354	4,063
Traffic violations and warnings	7,135	6,939	5,959	6,112	10,548	9,250	7,380	8,615	5,502	4,145
Fire										
Emergency responses	654	497	531	481	467	478	489	1,302	1,481	1,719
Fires extinguished	158	127	142	157	123	144	144	102	138	94
Water										
Number of water consumers	10,196	10,095	10,131	10,121	10,161	10,128	10,149	10,140	10,143	10,209
Annual consumption (in 1,000 gallons)	1,024,043	987,194	1,046,522	1,037,355	1,016,999	1,010,423	986,022	938,505	977,195	970,781
Sewer										
Number of sewer consumers	8,642	8,535	8,898	8,985	9,017	9,014	9,054	9,031	9,041	9,117
Electric										
Number of electric consumers	8,516	8,407	8,436	8,406	8,438	8,369	8,407	8,397	8,366	8,377
Annual consumption (in 1,000 kwh)	329,832	310,166	328,822	316,682	316,543	308,941	298,446	290,880	297,956	293,389
Sanitation										
Number of sanitation customers	8,164	8,103	8,080	8,075	8,061	8,007	8,054	8,021	8,267	8,234

Data Source: City of Madisonville Planning & Zoning, Police, Fire Departments and Municipal Utilities Billing Office

4 37 26167-00 0 CONSUMPTION HISTORY - ACTUAL CITY OF NEBO
 NEBO WATER DISTRICT Active-W

12/18 To 3 Mo, yr	Water		Sewer		Electric		Demand	
	Rate Meter	4 9082079	Rate	Charge	Rate Meter Mult KWH	Phase 1 1 1 Charge	Rate kW Mult KW	kVA 1 Charge
12/18	6562	26051.14						
11/18	8557	33971.29						
10/18	8045	31938.65						
9/18	8562	33991.14						
8/18	9802	38913.94						
7/18	10153	40307.41						
6/18	9259	36758.23						
5/18	10142	40263.74						
4/18	8027	33352.00						
3/18	7397	32472.83						
2/18	7738	33969.82						
1/18	11233	49312.87						
Avg	8790	35941.92						

Minimum
 MADISONVILLE MUNICIPAL UTIL.
 77 NORTH MAIN STREET

Average 35,941.92
 270/824-2102 F12=Return F13=Contract Roll Keys
 F1=Search F5=More F11=Demand

105,357

4 37 26167-00 0 CONSUMPTION HISTORY - ACTUAL CITY OF NEBO
 NEBO WATER DISTRICT Active-W

Water			Sewer		Electric		Demand	
12/17 To	Rate Meter	4	Rate	Rate Meter Mult	Phase 1	Rate kW Mult	Rate KVA	1
Mo, yr	Mgal	Charge	Mgal	Charge	KWH	Charge	KW	Charge
	9082079							
12/17	7753	34035.67						
11/17	8244	36191.16						
10/17	7922	32717.86						
9/17	8667	35794.71						
8/17	10145	41898.85						
7/17	8830	36467.90						
6/17	9118	37657.34						
5/17	8783	36273.79						
4/17	8219	33944.47						
3/17	8342	34452.46						
2/17	7833	32350.29						
1/17	10655	44005.15						
Avg	8709	36315.80						

Minimum
 MADISONVILLE MUNICIPAL UTIL.
 77 NORTH MAIN STREET

Average 36,315.80
 270/824-2102 F12=Return F13=Contract Roll Keys
 F1=Search F5=More F11=Demand

105,357



BerryKington & Utley PSC
Certified Public Accountants

2822 North Main Street ■ Madisonville, KY 42431
Phone 270-821-3355 ■ Fax 270-821-0101

January 14, 2019

Mr. Cory Alexander
City Finance Director/Treasurer
City of Madisonville, Kentucky
67 North Main Street
Madisonville, KY 42431

Dear Cory:

We have prepared the accompanying treated water rates to be charged to the City of Hanson, Kentucky under an Amendment to a Water Purchase Contract with the City of Madisonville dated November 17, 1971, amended on November 15, 1982, clarified by an Agreement in Principle dated January 23, 1991, and amended June 15, 1997.

We prepared the attached computations and treated water rates using the June 30, 2018 audited financial statements and underlying schedules. We did not audit the user consumption records contained herein due to the fact that such records were outside the scope of the audit.

The treated water rate to be charged to the City of Hanson, Kentucky is \$3.61 per each one thousand gallons of treated water. It is my understanding that the new rate will be charged from July 1, 2019 through June 30, 2020.

We appreciate the opportunity to be of service to the City of Madisonville. Please call if you have any questions regarding the attached computations.

Very truly yours,

Charles A. Kingston, CPA

CITY OF MADISONVILLE, KENTUCKY
WATER TREATMENT COSTS
FISCAL YEAR ENDED JUNE 30, 2018

Description	Amount
Water Treatment Costs Per Attached Schedule	\$ 2,072,311.34
Water Treatment Depreciation	756,750.66
Depreciation Applicable to Treatment Plant Upgrade	(371,901.61)
Debt Service Requirements on March 6, 2012	
2012 Bond Issue (Partially Advanced Refund Bond for Water Treatment/Supply- 2003B)	
Interest	183,346.26
Principal	860,000.00
GRAND TOTAL	3,500,506.65
TOTAL BILLED, GALLONS (000's)	970,781.00
TOTAL COST PER 1,000 GALLONS	\$ 3.61

CITY OF MADISONVILLE
WATER TREATMENT OPERATING EXPENSES
FISCAL YEAR ENDED JUNE 30, 2018

Description	Account Number	Amount
Water Tank Maintenance	5110-200	\$ 2,055.66
Lake Source Maintenance	5130-200	42,828.46
Infill Gallery/Tunnel Maintenance	5150-200	98.50
Fuel For Pumping	5210-200	134,219.18
Freight	5220-200	204.64
Pumphouse Maintenance	5310-200	1,101.41
Pumping Equipment Maintenance	5330-200	14,650.95
Plant Wages	5405-200	526,188.32
Cell Phone Allowance	5407-200	1,440.00
Materials & Supplies	5410-200	5,349.08
Engineering	5440-200	1,096.58
Vehicle Fuel & Oil	5450-200	11,436.12
Consultant Fees	5460-200	36,019.51
Chemicals	5465-200	389,413.78
Water Analysis	5470-200	55,446.40
Treatment Plant Maintenance	5505-200	14,577.82
Structures & Improvements Maintenance	5510-200	31,907.45
Treatment Equipment Maintenance	5515-200	27,393.91
Transportation Equipment Maintenance	5520-200	6,952.03
Tools & Work Equipment Maintenance	5525-200	4,817.96
Lab Equipment Maintenance	5530-200	522.91
Generator Maintenance	5531-200	10,776.91
Computer Supplies	5532-200	10,664.34
Operational Supplies	5535-200	3,132.00
Fuel for Generators	5536-200	10,961.03
Payroll Taxes	5605-200	38,324.98
Employee Physicals	5615-200	1,275.00
CERS Pension Expense	5620-200	224,658.03
CERS Pension Spiking	5621-200	3,152.51
Workers Compensation	5624-300	4,656.81
Employee Benefits	5625-200	87,106.05
Unemployment Insurance	5626-200	918.63
Uniforms	5628-200	8,615.31
Property Insurance	5630-200	43,771.30
Travel	5640-200	1,807.14
Safety Supplies	5646-200	12,303.32
Payroll/Nurse/Acct Services	5648-200	42,000.00
Utilities	5650-200	235,062.49
Office Supplies	5655-200	11,773.95
Legal & Accounting	5660-200	2,817.50
Dues & Subscriptions	5665-200	2,949.13
Advertising	5670-200	4,031.72
Sick Leave Program	5672-200	3,832.52
TOTAL		\$ 2,072,311.34

CITY OF MADISONVILLE, KENTUCKY
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

Table 15

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Number of electric consumers	8,516	8,407	8,436	8,406	8,438	8,369	8,407	8,397	8,366	8,377
Annual consumption (in 1,000 kwh)	329,832	310,166	328,822	316,682	316,543	308,941	298,446	290,880	297,956	293,389
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Number of sanitation customers	8,164	8,103	8,080	8,075	8,061	8,007	8,054	8,021	8,267	8,234

Data Source: City of Madisonville Planning & Zoning, Police, Fire Departments and Municipal Utilities Billing Office

6.53 20621-00 I CONSUMPTION HISTORY - ACTUAL 53 SUNSET RD
 HANSON MUN WATER SYSTEM Active-W

12/18	Water		Sewer		Electric		Demand	
	Rate	3	Rate		Rate	Phase 1	Rate	kVA
	Meter	45659458			Meter		kw	
Mo/Yr	Mgal	Charge	Mgal	Charge	Mult	1 1	Mult	1
					KWH	Charge	KW	Charge
12/18								
11/18	3812	12655.84						
10/18	4128	13704.96						
9/18	4324	14355.68						
8/18	4654	15451.28						
7/18	4383	16567.74						
6/18	4296	16238.88						
5/18	4244	16042.32						
4/18	4935	18654.30						
3/18	3933	14866.74						
2/18	5319	20105.82						
1/18	5582	21099.96						
Avg	4510	16340.32						

Minimum
 MADISONVILLE MUNICIPAL UTIL.
 77 NORTH MAIN STREET

Average 16,340.32
 F1=Search F5=More F11=Demand
 270/824-2102 F12=Return F13=Contract Roll Keys

53,921

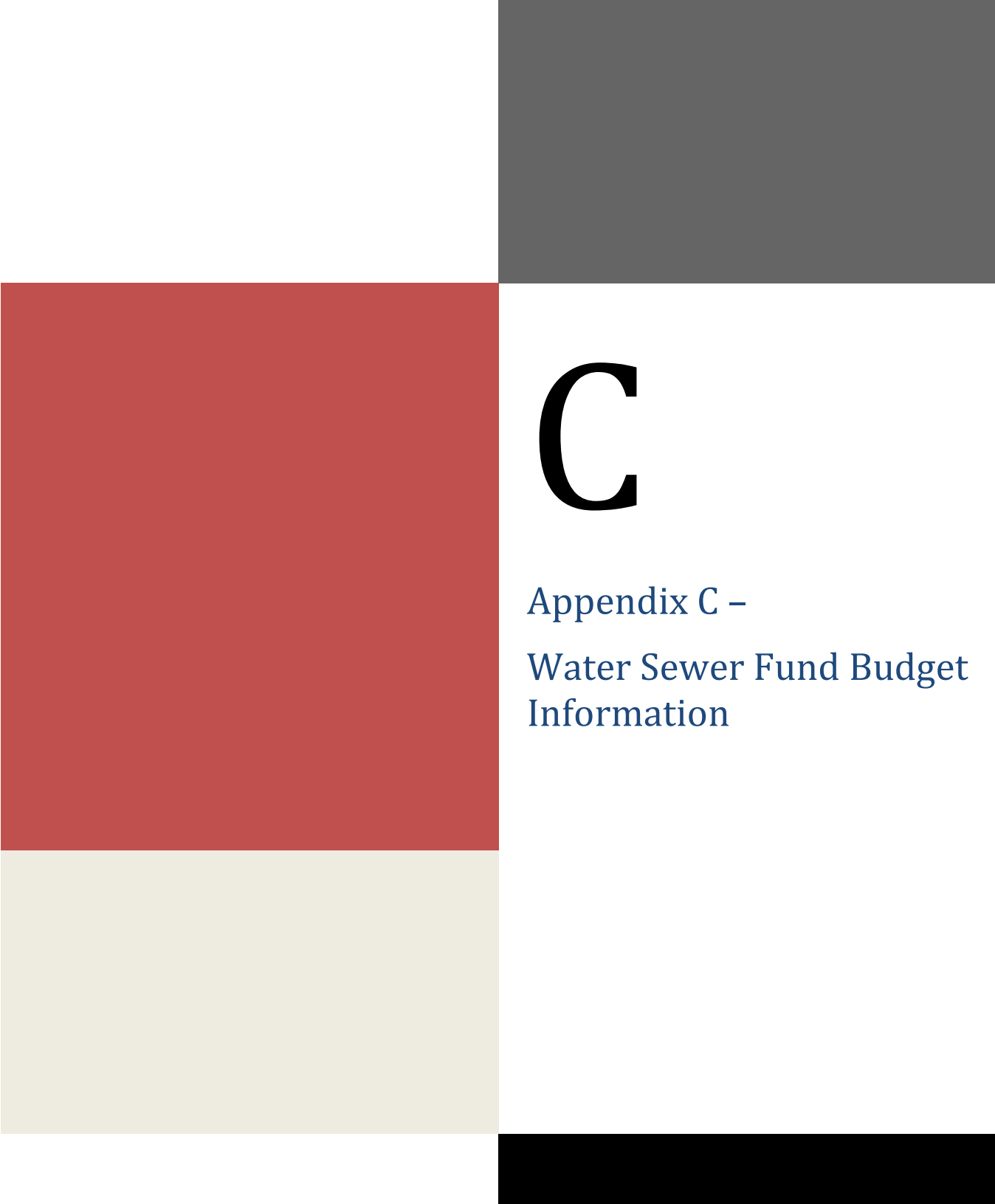
6:53 20621-00 I CONSUMPTION HISTORY - ACTUAL 53 SUNSET RD
 HANSON MUN WATER SYSTEM Active-W

Water			Sewer		Electric		Demand	
12/17	Rate	3	Rate		Rate	Phase 1	Rate	kVA
To	Meter	45659458			Meter		kw	
Mo/yr	Mgal	Charge	Mgal	Charge	Mult	1 1	Mult	1
					KWH	Charge	KW	Charge
12/17	4717	17830.26						
11/17	4780	18068.40						
10/17	3278	12390.84						
9/17	3493	13203.54						
8/17	4127	15600.06						
7/17	5217	19720.26						
6/17	4518	17078.04						
5/17	3132	11838.96						
4/17	3098	9170.08						
3/17	2713	8030.48						
2/17	2746	8128.16						
1/17	3385	10019.60						
Avg	3767	13423.22						

Minimum
 MADISONVILLE MUNICIPAL UTIL.
 77 NORTH MAIN STREET

Average 13,423.22 F1=Search
 270/824-2102 F12=Return F13=Contract Roll Keys

53,921

The page features a large, abstract graphic composed of several overlapping rectangular blocks. A dark grey block is at the top right. A large red block is on the left side, extending from the top to the middle. A light beige block is at the bottom left, extending from the middle to the bottom. A black block is at the bottom right, extending from the middle to the bottom. The text is positioned on the white background to the right of the red and beige blocks.

C

Appendix C – Water Sewer Fund Budget Information

CITY OF MADISONVILLE
WATER & SEWER FUND BUDGET
FY 2019

FY 19 Budget

	2017 ACTUAL	2018 BUDGET	2019 BUDGET
REVENUES-WATER			
3190 INTEREST INCOME	44,904	54,000	75,000
3210 SALE OF SCRAP	1,189	15,000	5,000
3611 SALES-RESIDENTIAL	2,178,922	2,305,000	2,250,000
3612 SALES-RURAL	1,403,285	1,415,000	1,365,000
3615 PENALTIES COLLECTED	59,281	61,000	70,000
3640 SALES TO CITY OF MADISONVILLE	42,144	43,000	40,000
3660 SALES - WHOLESALE CUSTOMERS	1,030,501	940,000	1,035,000
3710 WATER TAPS	20,567	20,000	20,000
3720 TOWER ATTACHMENT REVENUE	19,800	21,500	21,500
3730 TRANSFER FROM RESERVES	-	1,000,000	1,300,000
3740 MISCELLANEOUS INCOME	4,604	5,000	5,000
TOTAL	4,805,197	5,879,500	6,186,500
REVENUES-SEWER			
4220 SALES-METERED	4,875,227	4,865,000	4,744,784
4235 INDUSTRIAL SURCHARGE REVENUE	43,930	35,000	35,000
4240 SALES TO EARLINGTON	106,308	100,000	100,000
4250 SALES TO HANSON	32,038	36,000	40,000
4260 MISCELLANEOUS SEWER REVENUES	30,615	40,000	35,000
4265 SALE OF SCRAP	5,931	5,000	5,000
4290 INTEREST INCOME	21,753	18,000	40,000
4315 PENALTIES COLLECTED	80,721	82,000	90,000
4317 SPORTS COMPLEX-FISCAL CT	12,063	80,000	-
4319 AHLSTROM PROJ FUNDING	-	156,000	-
4321 FISCAL COURT KIA LOAN ASSIST.	110,000	110,000	110,000
4325 TRANSFER FROM RESERVES	-	1,100,000	1,500,000
4360 SEWER TAPS	12,600	10,000	10,000
TOTAL	5,331,186	6,637,000	6,709,784
GRAND TOTAL REVENUES	10,136,383	12,516,500	12,896,284

CITY OF MADISONVILLE
 WATER & SEWER FUND BUDGET
 FY 2019

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2019 BUDGET</u>
FILTER DEPARTMENT EXPENSES			
SOURCE SUPP/MAINT EXP			
5110 MAINT & IMPROVE-WATERTANK	2,590	3,000	3,000
5130 MAINT LAKE, RIVER, OTHER	64,729	74,000	74,000
5150 MAINT INFIL GALLERY/TUNL	-	1,500	1,500
TOTAL	<u>67,319</u>	<u>78,500</u>	<u>78,500</u>
PUMPING EXPENSES-OPERATIONS			
5210 FUEL FOR WATER PUMPED	144,275	200,000	200,000
5220 FREIGHT	5,009	4,000	4,000
TOTAL	<u>149,284</u>	<u>204,000</u>	<u>204,000</u>
PUMPING EXPENSES-MAINTENANCE			
5310 MAINT & IMPROV-PUMPHOUSE	1,540	4,500	4,500
5330 MAINT PUMPING EQUIP	14,033	25,000	25,000
TOTAL	<u>15,573</u>	<u>29,500</u>	<u>29,500</u>
WATER TREATMENT & OPERATIONS			
5405 PLANT SALARIES	493,235	564,334	569,977
5407 CELL PHONE ALLOWANCE	1,440	1,440	1,440
5410 MATERIALS & SUPPLIES	9,817	9,000	9,000
5440 ENGINEERING	74,168	50,000	50,000
5450 VEHICLE FUEL & OIL	6,840	14,000	14,000
5460 CONSULTANT FEES	78,371	70,000	70,000
5465 CHEMICALS	421,152	380,000	380,000
5470 WATER ANALYSIS	39,905	52,000	52,000
TOTAL	<u>1,124,929</u>	<u>1,140,774</u>	<u>1,146,417</u>
WATER TREATMENT MAINTENANCE			
5505 MAINT WATER TREATMT PLNT	9,836	10,000	10,000
5510 MAINT STRUCT & PLANT IMPROVE	12,982	20,000	20,000
5515 MAINT WATER TREATMENT EQ	36,730	40,000	40,000
5520 MAINT TRANSPORATION EQUIPMENT	5,099	4,500	6,000
5525 MAINT TOOLS & WORK EQUIPMENT	5,812	4,500	6,000
5530 MAINT LAB EQUIPMENT	4,277	5,000	5,000
5531 GENERATOR MAINTENANCE	7,602	15,000	15,000
5532 COMPUTER SUPPLIES	10,460	10,000	10,000
5535 OPERATIONAL SUPPLIES	8,149	8,000	8,000
5536 FUEL FOR GENERATORS	1,827	10,500	12,000
TOTAL	<u>102,771</u>	<u>127,500</u>	<u>132,000</u>

CITY OF MADISONVILLE
WATER & SEWER FUND BUDGET
FY 2019

	2017 <u>ACTUAL</u>	2018 <u>BUDGET</u>	2019 <u>BUDGET</u>
ADMINISTRATIVE & GENERAL EXP.			
5605 PAYROLL TAXES	34,879	43,172	42,748
5615 EMPLOYEE PHYSICALS	175	1,500	1,500
5620 CERS	95,708	108,239	122,431
5623 INSURANCE	162	-	-
5624 WORKERS COMPENSATION	3,931	5,412	3,763
5625 HEALTH INSURANCE	87,142	97,920	88,537
5626 UNEMPLOYMENT INSURANCE	1,046	1,000	1,000
5628 UNIFORMS	10,491	8,000	8,000
5630 PROPERTY INSURANCE	45,760	46,000	46,000
5640 TRAVEL	4,985	7,500	7,500
5645 LAUNDRY SERVICES	-	-	-
5646 SAFETY EQUIPMENT & SUPPLIES	8,543	10,000	10,000
5648 PAYROLL/NURSE/CUST SERV/ACCT	42,000	42,000	42,000
5650 UTILITIES	186,622	190,000	190,000
5655 OFFICE SUPPLIES & OTHER EXP.	7,098	6,000	6,000
5660 LEGAL & ACCOUNTING	7,003	2,500	3,000
5665 DUES & SUBSCRIPTIONS	3,665	4,500	4,500
5670 ADVERTISING	7,495	6,000	6,000
5672 SICK LEAVE PROGRAM	-	-	-
TOTAL	<u>546,704</u>	<u>579,743</u>	<u>582,979</u>
 TOTAL FILTER DEPARTMENT	 2,006,580	 2,160,017	 2,173,396
 FIN USES FILTER-CAPITAL			
5920 STRUCTURES IMPROVEMENT	-	480,000	300,000
5921 TECHNICAL EQUIPMENT	-	55,000	200,000
5935 TRANSPORTATION EQUIPMENT	-	66,000	-
5945 PUMPING EQUIP	121,697	-	-
TOTAL FILTER CAPITAL	<u>121,697</u>	<u>601,000</u>	<u>500,000</u>
 TOTAL FILTER OPER & CAPITAL	 2,128,277	 2,761,017	 2,673,396

CAPITAL BUDGET REQUEST WORKSHEET

FILTER

Item #	GL #	Item or Improvement Description	Estimated Cost
1	5920	Replace last membrane Train #6	\$ 235,000
2	5921	Replace Servers, PCs & Tablets, Convert Plant to SCADA	200,000
3	5920	Replace Air Compressors & Air Drying System	65,000
		Servicing and Storage of Water Treatment Equipment	
		Total	500,000

7/25/2018

CITY OF MADISONVILLE
WATER & SEWER FUND BUDGET
FY 2019

	<u>2017</u> <u>ACTUAL</u>	<u>2018</u> <u>BUDGET</u>	<u>2019</u> <u>BUDGET</u>
WATER DEPARTMENT			
OPERATING AND OVERHEAD EXPENSE			
6101 OUTSIDE LABOR	1,053	1,500	1,500
6106 WAGES & SALARIES	553,197	541,008	546,418
6107 NON CASH BENEFITS	(2,076)	(2,350)	(2,350)
6115 VEHICLE FUEL & OIL	10,817	20,000	20,000
6120 FREIGHT	178	-	-
6125 MUNICIPAL BUILDING MAINTENANCE	682	-	-
6135 PARK DEPARTMENT	1,678	-	-
6136 FILTER DEPT MAINTENANCE	3,358	-	-
6137 TRANSPORTATION DEPT. MAINT.	90	-	-
6145 POLICE DEPT MAINTENANCE	-	-	-
6148 DUE FROM ALLIANCE COAL	-	-	-
6150 LIGHT DEPARTMENT	51	-	-
6165 MATERIALS FOR OTHERS	5,585	5,000	5,000
6170 ENGINEERING	27,500	15,000	20,000
6175 TRUCK STOCK	19,359	5,000	5,000
6225 TOOLS & WORK EQUIPMENT	12,027	10,000	10,000
6230 MAINT TRANSPORTATION EQUIP.	7,618	10,000	10,000
6235 MAINT BACKHOE & COMPRESS	4,951	10,000	10,000
6240 MAINT SUPPLIES	764	1,000	1,000
6305 PAYROLL TAXES	40,649	41,387	41,801
6306 STANDARD SICK LEAVE	1,624	5,000	-
6307 PENSION SPIKING EXPENSE	2,416	-	-
6308 UNEMPLOYMENT INSURANCE	1,149	761	761
6315 EMPLOYEE PHYSICALS	1,313	800	1,500
6320 CERS	94,066	103,765	117,371
6325 HEALTH & LIFE INS	97,902	97,200	97,200
6326 WORKERS COMPENSATION	3,961	3,300	3,967
6327 TRAINING EXPENSE	1,016	2,000	2,000
6328 PROFESSIONAL FEES	1,067	750	1,500
6330 PROPERTY INSURANCE	17,910	18,000	18,000
6335 TELEPHONE	159	200	200
6336 CELL PHONE ALLOWANCE	960	960	1,440
6340 TRAVEL	1,028	1,500	1,500
6345 UNIFORMS	12,355	12,000	13,000
6350 UTILITIES	14,056	20,000	20,000
6355 OFFICE SUPP & OTHER EXP	16,693	15,000	23,000
6356 BILLING & COLLECTION EXP	79,000	130,000	130,000
6357 BOND TRUST FEES	360	500	500
6366 PERMITS & LICENSES	206	1,250	1,250
6370 ADVERTISING	306	750	1,000
6385 MAINT OF COMMUNIC EQUIP	-	1,500	1,500
6387 KLC METER LOAN INTEREST	12,085	6,687	1,138
TOTAL	<u>1,047,110</u>	<u>1,079,468</u>	<u>1,105,195</u>

CITY OF MADISONVILLE
WATER & SEWER FUND BUDGET
FY 2019

	<u>2017</u> <u>ACTUAL</u>	<u>2018</u> <u>BUDGET</u>	<u>2019</u> <u>BUDGET</u>
SYSTEM MAINTENANCE MAT EXPENSE			
6415 MAINT TRANS & DIST LINES	109,497	90,000	90,000
6420 MAINT FIRE HYDRANTS	22,100	10,000	15,000
6425 SERVICE REQUESTS	-	2,000	2,000
6430 METERS & REPAIRS	2,913	15,000	15,000
6435 MAINT BLDGS & GROUNDS	<u>24,905</u>	<u>25,000</u>	<u>25,000</u>
TOTAL	159,414	142,000	147,000
OTHER ADMINISTRATIVE EXPENSES			
6605 UNCOLLECTIBLE ACCOUNTS	(169)	10,000	10,000
6615 DUES & SUBSCRIPTIONS	-	<u>250</u>	<u>250</u>
TOTAL	<u>(169)</u>	10,250	10,250
FIN USES WATER-CAPITAL			
6905 WATER LINE UPGRADE BOND	108,048	735,000	735,000
6910 DISTRIBUTION LINES MAINTENANCE	17,257	58,000	215,000
6915 TOOLS & WORK EQUIPMENT	4,922	127,000	59,500
6920 FIRE HYDRANT INSTALLED	-	18,000	20,000
6921 METER EQUIPMENT & METERS	-	125,000	65,000
6925 TRANSPORTATION EQUIPMENT	51,779	29,000	-
6940 OFFICE EQUIPMENT	<u>3,641</u>	<u>5,000</u>	<u>5,000</u>
TOTAL WATER DISTR. CAPITAL	185,647	1,097,000	1,099,500
TOTAL WATER DIST OPER & CAP.	1,392,003	2,328,718	2,361,945

CAPITAL BUDGET REQUEST WORKSHEET

WATER DIST

Item	GL	Item or Improvement	Estimated
1	6905	North Pressure Zone	\$ 735,000
2	6910	Barlett Ave to End of College St.	45,000
3	6910	Chickasaw Dr. (Princeton Rd. to Powhatan Dr.)	8,000
4	6910	S. Daves St. (Hall St. to S. Dave Mid-Block)	12,000
5	6910	Betterment in Contract for Nebo Rd. Project	
		(includes extension of water main across City property)	150,000
6	6915	Replacement of Repair Clamps	15,000
7	6915	Saw and Pumps	8,000
8	6915	Safety Equipment	6,000
9	6915	LiftMoore 3200EE (Installed on our F-550 Flat bed)	13,500
10	6915	8'x20' all Metal Trailer (to haul pipe and equip)	9,000
11	6915	Hydraulic Power Unit (to power tools and equipment)	8,000
12	6920	Fire Hydrant Installation & Replacement	20,000
13	6921	Meter Replacement	65,000
14	6940	Office Equipment	5,000
		Total Capital	\$ 1,099,500

CITY OF MADISONVILLE
WATER & SEWER FUND BUDGET
FY 2019

	2017 <u>ACTUAL</u>	2018 <u>BUDGET</u>	2019 <u>BUDGET</u>
WASTEWATER COLLECTION DEPT			
COLLECTION OPERATIONS EXPENSE			
7103 OUTSIDE LABOR	30,327	23,500	7,540
7105 COLLECTION LABOR	590,524	679,213	767,297
7107 TUITION REIMB.	1,315	2,000	-
7111 PAYROLL TAXES	43,297	51,960	58,698
7115 OPER SUPPLIES & CHEMICAL	3,220	4,500	4,500
7117 BIOXIDE	58,856	40,000	40,000
7120 VEHICLE FUEL & OIL	32,847	60,000	60,000
7135 FUEL/POWER COLLECTION PLANT	5,509	8,000	6,000
7155 WORK FOR OTHER DEPARTMENTS	1,252	-	300
7160 MATERIALS SOLD	388	400	400
7165 TRUCK STOCK	1,914	2,000	2,000
TOTAL	<u>769,447</u>	<u>871,573</u>	<u>946,735</u>
COLLECTION MAINTENANCE EXPENSE			
7205 ENGINEERING - COLL	-	5,000	5,000
7210 COLLECTION/PUMPING STRUCT MAIN	-	1,000	1,000
7215 SYSTEM REPAIRS	18	-	-
7220 COLLECTION SEWER MAINTENANCE	72,657	98,600	98,600
7225 CUSTOMER SERVICE REQUEST	335	-	-
7230 TOOLS & WORK EQUIPMENT	2,184	3,500	3,500
7235 WORK CLOTHING	3,127	4,500	4,500
7245 OPERATING EQUIPMENT MAINT.	26,651	53,000	53,000
7250 TRANSP EQUIPMENT MAINT.	6,335	31,000	31,000
7281 WORK ORDER-OVERHEAD	27,999	-	-
7320 GENERATORS FUEL & OIL	-	2,500	2,500
7325 UTILITIES	14,953	-	6,300
7335 FUEL & POWER FOR PUMPING	123,952	120,000	123,500
7420 PUMPING EQUIPMENT MAINTENANCE	223,482	126,000	175,000
7425 SEWER CAMERA EXPENSE	82	7,000	7,000
7430 TOOLS & TOOL MAINTENANCE	7,065	7,500	7,500
7435 SAFETY EXPENSE	7,307	9,000	9,000
7440 MAINTENANCE BUILDING & GROUNDS	25,544	21,500	15,000
TOTAL	<u>541,693</u>	<u>490,100</u>	<u>542,400</u>

CITY OF MADISONVILLE
 WATER & SEWER FUND BUDGET
 FY 2019

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2019 BUDGET</u>
COLLECTION GENERAL EXPENSE			
7515 EMPLOYEE PHYSICALS	1,829	1,200	1,600
7521 CERS	112,976	130,273	164,815
7523 WORKERS COMPENSATION	8,849	6,671	7,504
7524 PENSION SPIKING EXPENSE	905	-	-
7525 HEALTH & LIFE INSURANCE	114,185	125,712	119,880
7526 PROPERTY INSURANCE	44,735	46,000	46,000
7527 OUTSIDE LABOR (ENG)	-	-	5,000
7528 UNEMPLOYMENT INSURANCE	1,226	1,258	1,319
7529 ADVERTISING, PRtg & BINDING (ENG)	-	-	2,375
7530 PROF, TECH & OTHER FEES (ENG)	-	-	11,000
7531 MOTOR FUEL & MAINT (ENG)	-	-	1,350
7532 REPAIRS & MAINT (ENG)	-	-	500
7533 TRAVEL & LODGING (ENG)	-	-	800
7534 SOFTWARE - NEW & MAINT (ENG)	-	-	3,000
7536 COMMUNICATION & POSTAGE (ENG)	-	-	300
7537 UNIFORMS	9,068	11,000	11,000
7538 OFFICE SUPPLIES (ENG)	-	-	1,000
7539 DUES & SUBSCRIPTIONS (ENG)	-	-	500
7540 TRAVEL	1,026	3,420	3,000
7541 TRAINING (ENG)	-	-	1,500
7546 CELL PHONE ALLOWANCE	480	1,440	1,440
7554 COUNTY SPORTS COMPLEX	12,543	80,000	-
7555 OFFICE SUPPLIES & OTHER EXPENS	9,677	9,500	7,000
7565 DUES & SUBSCRIPTIONS	-	250	250
7566 PERMITS AND LICENSE	5,081	7,000	3,500
7567 PAYROLL/NURSE/ACCT SERVICES	42,000	42,000	42,000
7570 ADVERTISING	1,174	400	400
7571 STORMWATER MS4 PERMIT	-	16,250	41,250
7572 DAMAGE CLAIMS	-	5,500	5,500
7573 ENGINEERING & PROF SERVICES	40,726	20,000	-
TOTAL	<u>406,479</u>	<u>507,874</u>	<u>483,783</u>
TOTAL COLLECTION EXPENSE	1,717,620	1,869,547	<u>1,972,918</u>

CITY OF MADISONVILLE
WATER & SEWER FUND BUDGET
FY 2019

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2019 BUDGET</u>
FIN USES SEWER-CAPITAL			
COLLECTION-CAPITAL			
7582 SEWER LINE REPLACEMENT	376,434	1,057,000	909,295
7583 TOOLS & WORK EQUIPMENT	39,742	57,000	26,500
7584 TRACKHOE LEASE	66,528	32,285	-
7588 PUMPING EQUIPMENT MAINTENANCE	56,603	58,000	144,456
7590 LIFT STATION UPGRADE	-	10,000	-
7591 DEMO WWTP	-	-	60,000
7595 ENGINEERING CAPITAL	-	-	300,000
7596 SEWER TAPS	3,007	3,000	3,000
TOTAL CAPITAL	542,315	1,217,285	1,443,251
TOTAL COLLECTION OPER & CAP.	2,259,935	3,086,832	3,416,169

CAPITAL BUDGET REQUEST WORKSHEET

WWC

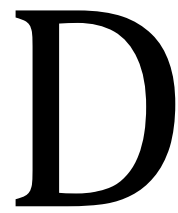
Item	GL	Item or Improvement	Estimated
1	7582	Brown Road Interceptor	500,000
2	7582	Bell Drive Interceptor Rehab plus 4 Manholes	219,450
3	7573	Noel Avenue Interceptor Design/201C Plan	300,000
4	7582	Pipe Bursting 21 N.Park Ave. to Fairgrounds	49,500
5	7582	Brown Road Erosion Protection	50,000
6	7591	Pump Shop	60,000
7	7588	Eastside & Westside Flow Meters (2)	23,000
8	7583	Main Sewer Line Camera Controller (K2)	19,500
9	7583	Push Camera	7,000
10	7588	Lakeshore # 1 Pump and Check Valves	18,794
11	7588	Westside Lift Station Pumps (2)	30,000
12	7588	Railroad Street Lift Station Pumps	35,000
13	7588	Chickasaw # 2 Pumps	7,000
14	7588	Noel Ave. Pump	30,662
15	7582	US 41A Betterment Project	90,345
16	7596	SEWER TAPS	3,000
		TOTAL REQUESTED CAPITAL	\$ 1,443,251

CITY OF MADISONVILLE
 WATER & SEWER FUND BUDGET
 FY 2019

	<u>2017</u> <u>ACTUAL</u>	<u>2018</u> <u>BUDGET</u>	<u>2019</u> <u>BUDGET</u>
WASTEWATER TREATMENT DEPT			
TREATMENT OPERATING EXPENSE			
8015 TREATMENT LABOR	411,673	448,800	434,300
8016 NON CASH BENEFITS	(1,186)	(1,560)	(765)
8020 PAYROLL TAXES	30,502	34,333	33,224
8025 OPER SUPPLIES & CHEMICAL	99,455	100,000	110,000
8030 VEHICLE FUEL & OIL	1,602	3,600	3,000
8035 FUEL/POWR SEWER TRT PLNT	239,957	200,000	220,000
8045 LAB EQUIPMENT & SUPPLIES	<u>23,192</u>	<u>20,000</u>	<u>20,000</u>
TOTAL	805,195	805,173	819,759
TREATMENT MAINTENANCE EXPENSE			
8210 MAINT OF BLDG/GROUNDS	24,938	29,000	29,000
8220 MAINT OF TRTMT/DISP EQMT	122,075	97,000	120,000
8230 TOOLS & WORK EQUIPMENT MAINT.	2,054	3,000	3,000
8232 WORK CLOTHING	1,330	2,000	2,000
8235 CLEANING SUPPLIES & CHEMICALS	629	1,500	1,500
8250 SLUDGE PRESS MAINTENANCE	6,728	5,000	25,000
8260 SLUDGE TRUCK MAINTENANCE	3,676	3,500	3,500
8265 SLUDGE HAULING	159,759	132,000	175,000
8270 OIL & LUBRICANTS	<u>1,599</u>	<u>2,000</u>	<u>1,500</u>
TOTAL	322,789	275,000	360,500
PRE-TREATMENT EXPENSES			
8310 TESTING FEES-OUTSIDE	<u>29,990</u>	<u>36,000</u>	<u>36,000</u>
TOTAL	29,990	36,000	36,000

CITY OF MADISONVILLE
WATER & SEWER FUND BUDGET
FY 2019

	<u>2017 ACTUAL</u>	<u>2018 BUDGET</u>	<u>2019 BUDGET</u>
GENERAL EXPENSE			
8405 UNCOLLECTIBLE ACCOUNTS	(233)	15,000	15,000
8415 EMPLOYEE PHYSICALS	-	300	300
8421 CERS	70,646	86,080	93,288
8422 STANDARD SICK LEAVE PROGRAM	-	-	-
8425 HEALTH & LIFE INSURANCE	81,486	81,972	81,972
8427 WORKERS COMPENSATION	4,987	4,556	4,870
8428 UNEMPLOYMENT INSURANCE	865	894	730
8430 PROPERTY INSURANCE	32,713	33,000	33,000
8437 UNIFORMS	-	1,000	1,000
8440 TRAVEL	6,643	7,000	7,000
8445 TELEPHONE	940	1,200	1,200
8446 CELL PHONE ALLOWANCE	960	640	960
8450 COMMUNICATIONS EXPENSE	-	2,000	1,000
8455 OFFICE SUPPLIES & OTHER EXPENS	8,599	10,000	10,000
8459 BILLING & COLLECTION EXP	80,000	80,000	80,000
8460 PROFESSIONAL FEES	5,745	1,200	20,000
8465 DUES & SUBSCRIPTIONS	986	1,200	1,200
8466 PERMITS & LICENSES	-	300	300
8470 ADVERTISING	732	300	300
TOTAL	<u>295,069</u>	<u>326,642</u>	<u>352,120</u>
TOTAL TREATMENT EXPENSE	1,453,042	1,442,815	(1,568,379)
TREATMENT-CAPITAL			
8525 TRANSPORTATION EQUIPMENT	29,483	-	-
8545 PLANT MAINTENANCE	227,760	-	-
TOTAL	<u>257,243</u>	<u>-</u>	<u>-</u>
TOTAL WASTEWATER EXPENSE	1,710,285	1,442,815	1,568,379
GRAND TOTAL EXPENSES	7,490,500	9,619,382	10,019,889
INCOME BEF INT,AMORT,DEP	2,645,883	2,897,118	2,876,394
DEPRECIATION & AMORTIZATION			
9005 DEPRECIATION-WATER	1,053,350	1,158,496	1,121,370
9010 DEPRECIATION-SEWER	1,383,532	1,366,331	(1,370,599)
9015 INT LONG-TERM DEBT-WATER	229,810	190,033	167,134
9020 INT LONG-TERM DEBT-SEWER	-	5,850	-
9025 INTEREST EXP KIA LOAN	31,922	24,260	28,266
9035 AMORT OF BOND-WATER	80,300	75,000	75,000
TOTAL	<u>2,778,914</u>	<u>2,819,970</u>	<u>2,762,369</u>
NET OPERATING INCOME	(133,031)	77,148	114,026

A large, bold, black serif letter 'D' is positioned on the right side of the page, partially overlapping a red vertical bar on the left and a grey horizontal bar at the top.The text 'Appendix D - Water Rate Comparisons' is written in a blue serif font, positioned below the large 'D' and to the right of the red vertical bar.

Average Residential Water Rates - 2015

Municipalities by Area Development District

(Based on 5000 gallons usage)

Kentucky \$32

Western \$32

Central \$32

Bluegrass \$31

Northern \$32

Eastern \$33



Sources: KIA, KRWA, Cannon & Cannon

Average Residential Water Rates - 2016

Water Districts & Associations by Area Development District

(Based on 5000 gallons usage)

Kentucky \$43

Western \$39

Central \$40

Bluegrass \$44

Northern \$45

Eastern \$48

PU
\$30

PE
\$50

GR
\$34

BR
\$40

LT
\$38

LC
\$42

KI
\$39

BG
\$44

NK
\$48

BT
\$45

GA
\$43

CV
\$47

FI
\$59

KR
\$52

BS
\$48

Source: KY Public Service Commission Tariff Library

Water Rate Comparisons - 2015

5000 gallons

	Average	Median	Outside
All Cities (186)	\$32	\$31	\$41
Small Cities (90) (under 1,000)	\$37	\$36	\$48
Medium Cities (53) (1,000 - 4,600)	\$31	\$29	\$40
Large Cities (43) (over 4,600)	\$25	\$23	\$33
Water Districts/Associations (133)	\$43	\$43	-
All Utilities (321)	\$36	\$35	-

Sources: KIA, KRWA, Cannon & Cannon

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00418 DATED DEC 22 2023

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO NEBO WATER DISTRICT AND THE CITY OF MADISONVILLE

Nebo Water District (Nebo District) and the city of Madisonville (Madisonville), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on January 8, 2024. The Commission directs Nebo District and Madisonville to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Nebo District and Madisonville shall make timely amendment to any prior response if Nebo District and Madisonville obtain information that indicate the response was

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Nebo District and Madisonville fail or refuse to furnish all or part of the requested information, Nebo District and Madisonville shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Nebo District and Madisonville shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Explain whether Rural Development has approved the change to the rate formula contained in the 1977 Contract. If so, provide documentation from Rural Development of the approval. If not, explain whether Nebo District and Madisonville plan on seeking Rural Development's approval of the rate formula.

2. Explain whether Madisonville will, as it has done numerous times in the past, continue to seek Commission approval of any future change to the wholesale rate charged to Nebo District by filing with the Commission a copy of the notice provided to Nebo District of any change to the wholesale rate, supporting documentation for the new rate, and a revised tariff page.

*J. Christopher Hopgood
Dorsey, Gray, Norment & Hopgood
318 Second Street
Henderson, KENTUCKY 42420

*Kevin Cotton
Mayor
67 North Main Street
Madisonville, KENTUCKY 42431

*Nebo Water District
45 North Bernard Street
Nebo, KY 42441