



# NEBO WATER DISTRICT

45 North Bernard  
Nebo KY 42441  
270-249-3709

Special Called Meeting

February 23, 2015

11:00 a.m.

RECEIVED

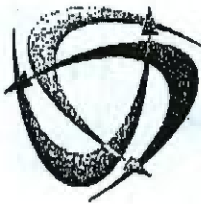
MAR 17 2015

PUBLIC SERVICE  
COMMISSION

The Nebo Water District Commissioners had a special called meeting to discuss the proposed rate increase. On February 5<sup>th</sup> the Nebo Water District received a letter from the City of Madisonville informing the District of their intention of raising the Wholesale rate by 24 cents per 1000 gallons. The Commissioners voted to increase the customer's current rate by 28 cents per 1000 gallons in accordance with the formula figured by their accountant Michael L. Overby C. P. A. This increase would go into effect on March 15<sup>th</sup> 2015.

Commission Chairman

J E Ellis



**BerryKington & Utley** PSC  
Certified Public Accountants

2822 North Main Street ■ Madisonville, KY 42431  
Phone 270-821-3355 ■ Fax 270-821-0101

January 21, 2015

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, 2014 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, 2014 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 \$3.95 per each one thousand gallons of treated water. It is my understanding that the new rate will be charged from March 15, 2015 to December 31, 2015.

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
				170,019 1,010,423 Allocation Percentage		
Source of Supply	\$ 2,050,392.44	100.00	\$ 2,050,392.44	16.8265	\$ 345,009.28	
Water Treatment Plant	19,200,824.48	100.00	19,200,824.48	16.8265	3,230,826.73	
Storage Facilities	1,992,480.64	65.00	1,295,112.42	16.8265	217,922.09	
Transmission and Distribution	8,377,217.82	43.00	3,602,203.66	16.8265	606,124.80	
General	653,329.46	10.00	65,332.95	16.8265	10,993.25	
Customer and Administrative	4,241,322.04	0.10	4,241.32	16.8265	713.67	
Hydrants	203,363.44	-	-	-	-	
<b>Total</b>	<b>\$ 36,718,930.32</b>		<b>\$ 26,218,107.27</b>		<b>\$ 4,411,589.82</b>	

**ALLOCATED CAPITAL COST X 2% DIVIDED BY WHOLESALE USER'S MOST RECENT ANNUAL BILLED GALLONS**

\$ 4,411,589.82 X 2 Percent = \$ 88,231.80 X 1/170,019 = \$ 0.51895

**ALLOCATED CAPITAL COST X 6% DIVIDED BY WHOLESALE USER'S MOST RECENT ANNUAL BILLED GALLONS**

\$ 4,411,589.82 X 6 Percent = \$ 264,695.39 X 1/170,019 = 1.55686

CASH OPERATION AND MAINTENANCE EXPENSES	Amount	Percentage To Be Shared	Allocated Expenses	Billed Gallons	
Treatment	\$ 1,715,536.00	90.00	\$ 1,543,982.40	1,010,423	1.52806
Transmission and Distribution	704,695.00	45.00	317,112.75	1,010,423	0.31384
General	72,038.42	45.00	32,417.29	1,010,423	0.03208
<b>Total</b>	<b>\$ 2,492,269.42</b>		<b>\$ 1,893,512.44</b>		

**CUSTOMER COSTS DIVIDED BY WHOLESALE USER'S MOST RECENT ANNUAL BILLED GALLONS**

\$144.00 X 1/170,019 = 0.00085

**CURRENT CALCULATED WATER RATE (Rounded \$3.95)**

\$ 3.95064

**CITY OF MADISONVILLE, KENTUCKY**  
**WATER RATE ANALYSIS**  
**CAPITAL COSTS**

	<u>COST</u>	
<b>A. <u>SOURCE OF SUPPLY</u></b>		
Green River Pipeline	\$ 3,364,071.64	11
Land, Dams and Lakes	1,155,924.86	12
Lakes and Intake Sources	530,395.94	10
Sub Total	<u>5,050,392.44</u>	
Less: Grants	(3,000,000.00)	
Total	<u>\$ 2,050,392.44</u>	
<b>B. <u>WATER TREATMENT PLANT</u></b>	<u>\$ 19,200,824.48</u>	14
<b>C. <u>STORAGE FACILITIES</u></b>	<u>\$ 1,992,480.64</u>	6
<b>D. <u>TRANSMISSION AND DISTRIBUTION</u></b>		
Water Mains	\$ 7,577,479.70	1
Filtration	651,987.03	13
Distribution	111,876.03	2
Easements	35,875.06	3
Total	<u>\$ 8,377,217.82</u>	
<b>E. <u>GENERAL MAINTENANCE EQUIPMENT</u></b>		
Distribution	\$ 527,512.04	4
Filtration	125,817.42	5
Total	<u>\$ 653,329.46</u>	
<b>F. <u>CUSTOMER AND ADMINISTRATIVE</u></b>		
Water Services	\$ 1,981,617.92	7
Meters	2,197,656.96	8
Filtration Office Equipment	12,332.77	9
Distribution Office Equipment	7,910.42	16
Utility Office Equipment - (167,215.87 x 25%)	41,803.97	
Total	<u>\$ 4,241,322.04</u>	
<b>G. <u>HYDRANTS</u></b>	<u>\$ 203,363.44</u>	15
<b>GRAND TOTAL</b>	<u>\$ 36,718,930.32</u>	

**CITY OF MADISONVILLE, KENTUCKY**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

**Table 15**

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Building permits issued	220	208	254	239	231	204	192	215	194	194
Police										
Physical arrests	3,571	3,036	2,570	4,039	4,056	3,994	3,451	3,625	3,927	3,910
Traffic violations and warnings	4,204	3,987	5,481	8,620	7,135	6,939	5,959	6,112	10,548	9,250
Fire										
Emergency responses	401	412	400	502	654	497	531	481	467	478
Fires extinguished	122	146	124	121	158	127	142	157	123	144
Water										
Number of water consumers	10,161	10,142	10,179	10,222	10,196	10,095	10,131	10,121	10,161	10,128
Annual consumption (in 1,000 gallons)	1,047,745	1,039,505	1,038,850	1,046,376	1,024,043	987,194	1,046,522	1,037,355	1,016,999	1,010,423
Sewer										
Number of sewer consumers	8,607	8,621	8,622	8,670	8,642	8,535	8,898	8,985	9,017	9,014
Electric										
Number of electric consumers	8,577	8,591	8,562	8,588	8,516	8,407	8,436	8,406	8,438	8,369
Annual consumption (in 1,000 kwh)	342,195	357,836	358,323	363,448	329,832	310,166	328,822	316,682	316,543	308,941
Sanitation										
Number of sanitation customers	8,213	8,159	8,202	8,225	8,164	8,103	8,080	8,075	8,061	8,007

Data Source: City of Madisonville Planning & Zoning, Police, Fire Departments and Municipal Utilities Billing Office



**CITY OF MADISONVILLE, KENTUCKY**  
**WATER AND SEWER FUND**  
**COMPARATIVE SCHEDULES OF OPERATING EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b><u>Depreciation</u></b>	\$ <u>2,557,796</u>	\$ <u>2,531,675</u>
<b><u>Wastewater Collection</u></b>		
Maintenance	1,036,795	1,009,322
Materials and supplies	33,143	53,711
Fuel and power	118,387	100,539
Engineering/billing fees	1,037	258
Total	<u>1,189,362</u>	<u>1,163,830</u>
<b><u>Wastewater Treatment</u></b>		
Salaries and wages	479,881	478,557
Fuel and power	225,306	205,992
Sludge hauling	162,726	145,463
Employee benefits	105,641	97,515
Materials and supplies	113,893	108,394
Pension expense	82,758	85,013
Maintenance	47,032	78,699
Payroll taxes	35,024	34,926
Professional fees	26,564	28,865
Total	<u>1,278,825</u>	<u>1,263,424</u>
<b><u>Purification</u></b>		
Salaries and wages	519,798	455,234
Materials and supplies	392,035	377,043
Maintenance	177,021	134,271
Employee benefits	105,919	128,584
Pension expense	97,278	88,303
Filter water analysis	38,830	40,603
Payroll taxes	36,547	31,530
Small tools and work equipment	3,842	2,945
Engineering	70,366	41,811
Total	<u>1,441,636</u>	<u>1,300,324</u>
<b><u>Distribution Maintenance</u></b>		
Other	102,560	114,163
Hydrants	201,596	215,312
Water mains	400,539	317,615
Total	<u>704,695</u>	<u>647,090</u>
<b><u>Other</u></b>		
Billing and collection	254,000	222,000
Professional fees	88,400	88,400
Miscellaneous	44,063	63,593
Insurance	63,296	57,278
Uncollectible accounts	21,863	25,524
Total	<u>471,622</u>	<u>456,795</u>
<b><u>Power Purchased</u></b>	<u>273,900</u>	<u>317,183</u>
<b><u>Total Operating Expenses</u></b>	<u>\$ 7,917,836</u>	<u>\$ 7,680,321</u>

**CITY OF MADISONVILLE**  
**ALLOCATION OF OTHER EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>CAFR Description</u>	<u>Water</u>	<u>Sewer</u>	<u>CAFR Total</u>
Insurance	\$ 37,368.36	\$ 25,928.12	\$ 63,296.48
Uncollectible Accounts	5,421.86	16,440.81	21,862.67
Miscellaneous	21,117.22	4,686.43	25,803.65
Telephone	-	2,536.71	2,536.71
Office Supplies	5,200.48	6,534.93	11,735.41
Ducs and Subscriptions	2,930.50	1,056.49	3,986.99
Total	<u>\$ 72,038.42</u>	<u>\$ 57,183.49</u>	<u>\$ 129,221.91</u>