



# NEBO WATER DISTRICT

45 NORTH BERNARD  
NEBO, KENTUCKY 42441  
PHONE: (270) 249-3709  
FAX: (270) 249-3714

RECEIVED

August 25, 2017

AUG 28 2017

PUBLIC SERVICE  
COMMISSION

John S. Lyons  
Acting Executive Director  
211 Sower Blvd.  
P. O. Box 615  
Frankfort KY 40602-0615

RE: Nebo Water District  
Case No. 2017-0329 – Filing Deficiency

Dear Sir:

Here is the copy of the P S C order telling us what we can charge.  
If you have any questions please call us 270-249-3709.

Thank You

J E Ellis  
Chairman

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 28 2017

PUBLIC SERVICE  
COMMISSION

In the Matter of:

ELECTRONIC PROPOSED ADJUSTMENT OF )  
THE WHOLESALE WATER SERVICE RATES OF ) CASE NO. 2017-00133  
MADISONVILLE WATER DISTRIBUTION )

ORDER

On January 31, 2017, the city of Madisonville ("Madisonville") filed with the Commission a revised tariff sheet setting forth proposed adjustments to its existing rates for wholesale water service ("wholesale service") to Nebo Water District ("Nebo"), North Hopkins Water District ("North Hopkins"), and South Hopkins Water District ("South Hopkins") effective on March 31, 2017. Per the revised tariff sheet, Madisonville proposed a uniform monthly wholesale water rate ("wholesale rate") of \$5.01 per 1,000 gallons for service to all three of its wholesale customers.

On March 6, 2017, Nebo and North Hopkins, both through counsel, submitted a request for the Commission to "initiate a formal proceeding to investigate the reasonableness of the proposed rate, establish a procedural schedule that allows for discovery, and issue all orders necessary to ensure that the proposed rate is not placed into effect or otherwise assessed before the required hearing." On March 30, 2017, the Commission entered an Order that initiated this proceeding and suspended Madisonville's proposed wholesale rates for five months, from March 31, 2017, to August 30, 2017. While South Hopkins filed a letter that stated its opposition to the

proposed wholesale rate, South Hopkins has not filed a motion to intervene, and it is not a party.

On June 28, 2017, Madisonville, Nebo, and North Hopkins, the applicant and the only intervenors, respectively, filed a joint motion to approve the settlement agreement ("Initial Joint Motion"), along with a joint settlement agreement and stipulation ("Initial Joint Settlement"). The parties requested, among other things, an Order approving, without a hearing, an increase in Madisonville's rate for wholesale water service from \$4.13 per 1,000 gallons to \$4.39 per 1,000 gallons, to Nebo and North Hopkins.<sup>1</sup> The Initial Joint Settlement proposed a wholesale rate of \$4.41 per 1,000 gallons for South Hopkins.<sup>2</sup>

On July 14, 2017, the Commission entered an Order that, among other things, requested information concerning the lack of a uniform rate recommendation for wholesale water service.<sup>3</sup> On July 26, 2017, Madisonville, Nebo, and North Hopkins, filed a joint motion to approve amended settlement agreement and relieve parties from obligation to respond to requests for information ("Second Joint Motion"), along with an amended joint settlement agreement and stipulation ("Amended Joint Settlement"). Per the Amended Joint Settlement, Madisonville, Nebo, and North Hopkins recommend a uniform wholesale rate of \$4.39 per 1,000 gallons for all three purchasers.<sup>4</sup> Per the Second Joint Motion, the parties request the approval of the Amended Joint Settlement

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<sup>1</sup> Initial Joint Motion (filed June 28, 2017) at 2 and 4.

<sup>2</sup> Initial Joint Settlement (filed June 28, 2017) at 3.

<sup>3</sup> Order (Ky. PSC July 14, 2017) at 4 and Appendix.

<sup>4</sup> Amended Joint Settlement (filed July 14, 2017) at 2.

and an Order that relieves them of their obligation to respond to the request for information contained in the Appendix to our July 14, 2017 Order.

The Commission finds that the Amended Joint Settlement recommends a uniform wholesale rate of \$4.39 per 1,000 gallons for service to Nebo, North Hopkins, and South Hopkins. The difference between the \$5.01 per 1,000 gallons wholesale rate initially proposed by Madisonville and the rates recommended under the Initial Joint Settlement pertains to the accounting treatment of Madisonville's replacement of water-filtration membranes.<sup>5</sup> Specifically, the parties stated that the cost of the replacement water-filtration membranes should be capitalized rather than expensed when determining the wholesale rate.<sup>6</sup>

The parties stated that the difference between the rates recommended by the Initial Joint Settlement and the rate recommended per the Amended Joint Settlement pertains to a decision to round the calculation for South Hopkins from \$4.41 per 1,000 gallons to \$4.39 per 1,000 gallons for uniformity with the rates for Nebo and North Hopkins.<sup>7</sup>

The Commission finds that Madisonville and the intervenors agree on the proper accounting treatment for the replacement water-filtration membranes. We find that Madisonville and the intervenors have explained, with specificity, the difference between Madisonville's initial proposed wholesale rate and the rates for service to Nebo and North Hopkins under the Initial Joint Settlement and Amended Joint Settlement. We

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<sup>5</sup> Initial Joint Settlement (filed June 28, 2017) at 2 and 3.

<sup>6</sup> *Id.* at 3.

<sup>7</sup> Amended Joint Settlement (filed July 14, 2017) at 1 and 2.

find the recommended wholesale rate of \$4.39 per 1,000 gallons for Nebo and North Hopkins is reasonable and should be accepted.

We find that Madisonville and the intervenors are in agreement as to a uniform rate for wholesale service to Nebo, North Hopkins, and South Hopkins. We find that the continued use of a uniform rate for all three wholesale customers is reasonable, and the recommendation for a \$4.39 per 1,000 gallons wholesale rate for South Hopkins should be accepted. While Madisonville is not required through this Order to continue the use of a uniform rate for Nebo, North Hopkins, and South Hopkins in its subsequent rate proposals, the Commission notes that Madisonville should be prepared to explain the basis for any departure from a uniform rate for wholesale service.

We find that the submission of the Second Joint Motion and the terms of the Amended Joint Settlement eliminate the need for the filing of responses to the requests for information contained in the Appendix to our July 14, 2017 Order. We find that the parties' motion to be relieved of the obligation to respond to the requests for information should be granted.

While the submission of additional information is not necessary for the record in this proceeding, we find that the June 17, 1977 accounting study by H. J. Umbaugh & Associates, Certified Public Accountants ("Umbaugh Study") has been incorporated by reference into the water purchase agreement between Madisonville and Nebo, and also the water purchase agreement between Madisonville and North Hopkins. The Umbaugh Study, however, is not a document on file with the Commission as part of Madisonville's contracts with Nebo or North Hopkins. We find that Madisonville should

file the Umbaugh Study with its contracts on file with the Commission for both Nebo and North Hopkins.

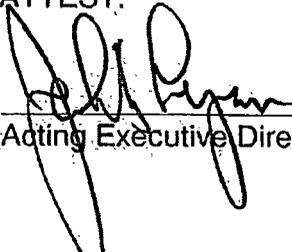
IT IS THEREFORE ORDERED that:

1. The rates and charges proposed by Madisonville are denied.
2. The parties' Second Joint Motion to approve the Amended Joint Settlement Agreement, attached hereto as Appendix A, is granted.
3. The rates in Appendix B, hereto attached, for the provision of wholesale water service to Nebo, North Hopkins, and South Hopkins are approved for service rendered on and after the date of this Order.
4. Within 20 days of the date of this Order, Madisonville shall file with the Commission, using the Commission's electronic Tariff Filing System, a revised tariff noting the rates approved in this Order.
5. The motion to relieve the parties from filing responses to the requests for information contained in the Appendix to the Commission's July 14, 2017 Order is granted, and responses are no longer required.
6. Within 30 days of the date of this Order, Madisonville shall file with the Commission, using the Commission's electronic Tariff Filing System, a copy of the Umbaugh Study which shall be maintained with Madisonville's contracts for service to Nebo and North Hopkins.
7. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon a showing of good cause for such extension.

By the Commission

ENTERED  
AUG 09 2017  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Acting Executive Director

Case No. 2017-00133

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2017-00133 DATED **AUG 09 2017**

AMENDED JOINT SETTLEMENT AND STIPULATION

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>ELECTRONIC PROPOSED</b>	)	
<b>ADJUSTMENT OF THE WHOLESALE</b>	)	
<b>WATER SERVICE RATES OF</b>	)	<b>CASE NO. 2017-00133</b>
<b>MADISONVILLE WATER</b>	)	
<b>DISTRIBUTION</b>	)	

**JOINT SETTLEMENT AGREEMENT AND STIPULATION**

It is the intent and purpose of the parties to this proceeding, the City of Madisonville ("City" or "Madisonville"), Nebo Water District ("Nebo"), and North Hopkins Water District ("North Hopkins") (collectively, "Parties"), by counsel, to express their agreement on a mutually satisfactory resolution of all of the issues in this proceeding, which shall hereafter be referred to as the "Settlement."

**The Parties stipulate the following:**

1. On February 6, 2017, Madisonville filed with the Public Service Commission ("Commission") notice of a proposed increase in its rate for wholesale water service to Nebo, North Hopkins, and South Hopkins Water District ("South Hopkins") from \$4.13 per 1,000 gallons to \$5.01 per 1,000 gallons. Simultaneous with its filing with the Commission, Madisonville also provided notice of its proposed increase to Nebo, North Hopkins, and South Hopkins.

2. On March 6, 2017, Nebo and North Hopkins requested that the Commission investigate the reasonableness of the proposed rate adjustment.

3. On March 20, 2017, South Hopkins advised the Commission in writing of its opposition to the proposed rate adjustment. South Hopkins, however, did not intervene in this matter and is not a party to this proceeding.

4. On March 30, 2017, the Commission initiated Case No. 2017-00133 to investigate the reasonableness of the proposed adjustment of rates.

5. On May 23, 2017, Madisonville filed the testimony of Charles A. Kington to support the proposed rate adjustment. In his testimony, Mr. Kington stated that the "significant increase" in the wholesale rates is "mainly attributable to the City's replacement of portions of its water filtration membranes in the amounts of \$706,057." In its original calculation of the wholesale rates, Madisonville expensed the cost of the replacement water filtration membranes.

6. Upon further review, Madisonville has determined that the cost of the replacement water filtration membranes should be capitalized over the membranes' seven-year useful life rather than expensed. Madisonville has revised its rate calculations to reflect this revision. A copy of the revised calculations is attached to this Settlement as **EXHIBIT A**.

7. These revised calculations produce a wholesale rate of \$4.39 per 1,000 gallons to Nebo and North Hopkins and a wholesale rate of \$4.41 per 1,000 gallons to South Hopkins.

8. The cost of the replacement water filtration membranes should be capitalized and not expensed when determining the wholesale rate.

9. A rate of \$4.39 per 1,000 gallons for Nebo and North Hopkins is reasonable and appropriate.

10. In its revised rate calculations, Madisonville has, in addition to reducing water filtration expenses by \$706,057, increased capital cost by \$684,592.32 to reflect the capitalization of the replacement water filter membranes. Mr. Kington, Madisonville's accountant, states that Madisonville has always reported capital costs net of depreciation. In the revised rate calculation, Mr. Kington prepared a calculation of the applicable depreciation from the invoice date until June 30, 2016, which was \$21,527.68. Therefore, the applicable capital costs included in the revised rate calculation were net of applicable depreciation, or \$684,529.32.

10. The revised rate calculations contain no other revisions.

**The Parties agree as follows:**

A. This Settlement is not binding on the Commission.

B. The Settlement, viewed in its entirety, constitutes a reasonable resolution of the issues in this proceeding and the Parties recommend its adoption. The adoption of this Settlement will eliminate the need for the Commission and the Parties to expend significant resources in litigation of this proceeding, and eliminate the possibility of, and any need for, rehearing or appeals of the Commission's final order.

C. Madisonville should be permitted to adjust its wholesale rates to the following to reflect the cost of providing wholesale water service based upon the costs incurred during the year ending June 30, 2016:

Nebo - \$4.39 per 1,000 gallons

North Hopkins - \$4.39 per 1,000 gallons

D. Each party waives a hearing in this matter unless the Commission disapproves this Settlement. This Settlement is submitted for purposes of this case only and is not deemed binding upon the Parties in any other proceeding. It does not prevent any party from challenging a future rate adjustment.

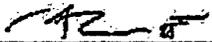
E. If the Commission issues an order adopting this Settlement in its entirety, each of the Parties agrees that it shall not file an application for rehearing with the Commission nor bring an action for review in the Franklin County Circuit Court with respect to that order.

F. If this Settlement is not adopted in its entirety, each party reserves the right to withdraw from it and require that discovery proceed and request an evidentiary hearing be held by the Commission. In such an event the terms of this Settlement shall not be deemed binding upon the Parties, nor shall such Settlement be admitted into evidence, or referred to, or relied upon in any manner by any party, the Commission, or its Staff in any such hearing.

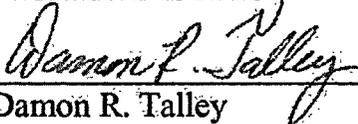
G. The Parties agree that the foregoing Settlement is reasonable and in the best interests of all concerned, and urge the Commission to adopt the Settlement in its entirety.

**AGREED:** This 28th day of June, 2017.

CITY OF MADISONVILLE

BY:   
Joe A. Evans, III  
Counsel for City of Madisonville

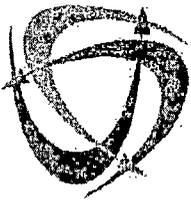
NEBO WATER DISTRICT

BY:   
Damon R. Talley  
Counsel for Nebo Water District

NORTH HOPKINS WATER DISTRICT

BY: *Damon R. Talley*  
Damon R. Talley  
Counsel for Nebo Water District

# **EXHIBIT A**



**BerryKington & Utley PSC**  
Certified Public Accountants

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

June 21, 2017

Mr. Cory Alexander  
City Finance Director/Treasurer  
City of Madisonville, Kentucky  
67 North Main Street  
Madisonville, KY 42431

Dear Cory:

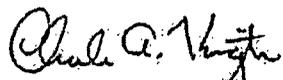
We have prepared the accompanying Cost Review Formulas for revising wholesale rate charges as per Treated Water Sale and Purchase Agreements with the Nebo Water District and for the North Hopkins and South Hopkins Water Districts.

We prepared the Cost Review Formulas using June 30, 2016 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, 2016 audit due to the fact that such records were outside the scope of the audit.

The main revisions to the rate calculations relates to the capitalization of Water Filtration Membrane replacements over a seven-year useful life utilizing the straight-line method of depreciation. The result of moving the membrane replacements from Treatment expenses under the Cash Operation and Maintenance Expenses category to the Capital Costs category reduces the previously calculated wholesale water rate to be charged to the various Districts from \$5.01 per thousand gallons of treated water to \$4.39. We understand that the new rate will be charged from March 31, 2017 to March 31, 2018.

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
				108,325 938,505 Allocation Percentage		
Source of Supply	\$ 2,050,392.44	100.00	\$ 2,050,392.44	11.5423	\$ 236,662.45	
Water Treatment Plant	19,966,326.32	100.00	19,966,326.32	11.5423	2,304,573.28	
Storage Facilities	1,995,265.63	65.00	1,296,922.66	11.5423	149,694.70	
Transmission and Distribution	8,699,961.69	43.00	3,740,983.53	11.5423	431,795.54	
General	615,857.40	10.00	61,585.74	11.5423	7,108.41	
Customer and Administrative	4,358,082.79	0.10	4,358.08	11.5423	503.02	
Hydrants	201,960.13	-	-	-	-	
<b>Total</b>	<b>\$ 37,887,846.40</b>		<b>\$ 27,120,568.77</b>		<b>\$ 3,130,337.40</b>	

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

$$\$ 3,130,337.40 \times 2 \text{ Percent} = \$ 62,606.75 \times 1/108,325 = \$ 0.57795$$

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

$$\$ 3,130,337.40 \times 6 \text{ Percent} = \$ 187,820.24 \times 1/108,325 = 1.73386$$

**CASH OPERATION AND MAINTENANCE  
EXPENSES**

	Amount	Percentage To Be Shared	Allocated Expenses	Billed Gallons	
Treatment	\$ 1,678,000.00	90.00	\$ 1,510,200.00	938,505	1.60915
Transmission and Distribution	884,217.00	45.00	397,897.65	938,505	0.42397
General	91,567.28	45.00	41,205.28	938,505	0.04391
<b>Total</b>	<b>\$ 2,653,784.28</b>		<b>\$ 1,949,302.93</b>		

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

$$\$144.00 \times 1/108,325 = \underline{0.00133}$$

**CURRENT CALCULATED WATER RATE (Rounded \$4.39)**

$$\underline{\underline{\$ 4.39017}}$$

**CITY OF MADISONVILLE, KENTUCKY**  
**WATER RATE ANALYSIS**  
**NORTH HOPKINS WATER DISTRICT**  
**(PER 1,000 GALLONS)**

	Amount	Percentage To Be Shared	Capital Costs To Be Shared	(B/C) 84,949 938,505 Allocation Percentage	Allocated Capital Costs	Cost Per 1,000 Gallons Of Water
<b>CAPITAL COSTS</b>						
Source of Supply	\$ 2,050,392.44	100.00	\$ 2,050,392.44	9.0515	\$ 185,591.27	
Water Treatment Plant	19,966,326.32	100.00	19,966,326.32	9.0515	1,807,252.03	
Storage Facilities	1,995,265.63	65.00	1,296,922.66	9.0515	117,390.95	
Transmission and Distribution	8,699,961.69	43.00	3,740,983.53	9.0515	338,615.12	
General	615,857.40	10.00	61,585.74	9.0515	5,574.43	
Customer and Administrative	4,358,082.79	0.10	4,358.08	9.0515	394.47	
Hydrants	201,960.13	-	-	9.0515	-	
<b>Total</b>	<b>\$ 37,887,846.40</b>		<b>\$ 27,120,568.77</b>		<b>\$ 2,454,818.27</b>	

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

$$\$ 2,454,818.27 \times 2 \text{ Percent} = \$ 49,096.37 \times \frac{1}{84,949} = \$ 0.57795$$

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

$$\$ 2,454,818.27 \times 6 \text{ Percent} = \$ 147,289.10 \times \frac{1}{84,949} = 1.73385$$

**CASH OPERATION AND MAINTENANCE EXPENSES**

	Amount	Percentage To Be Shared	Allocated Expenses	Billed Gallons	
Treatment	\$ 1,678,000.00	90.00	\$ 1,510,200.00	938,505	1.60915
Transmission and Distribution	884,217.00	45.00	397,897.65	938,505	0.42397
General	91,567.28	45.00	41,205.28	938,505	0.04391
<b>Total</b>	<b>\$ 2,653,784.28</b>		<b>\$ 1,949,302.93</b>		

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

$$\$ 144.00 \times \frac{1}{84,949} = 0.00170$$

**CURRENT CALCULATED WATER RATE (\$4.39 Rounded)**

$$\underline{\underline{\$4.39053}}$$

**CITY OF MADISONVILLE, KENTUCKY**  
**WATER RATE ANALYSIS**  
**SOUTH HOPKINS WATER DISTRICT**  
**(PER 1,000 GALLONS)**

	Amount	Percentage To Be Shared	Capital Costs To Be Shared	(B/C) 6,009 938,505 Allocation Percentage	Allocated Capital Costs	Cost Per 1,000 Gallons Of Water
Source of Supply	\$ 2,050,392.44	100.00	\$ 2,050,392.44	0.6403	\$ 13,128.66	
Water Treatment Plant	19,966,326.32	100.00	19,966,326.32	0.6403	127,844.39	
Storage Facilities	1,995,265.63	65.00	1,296,922.66	0.6403	8,304.20	
Transmission and Distribution	8,699,961.69	43.00	3,740,983.53	0.6403	23,953.52	
General	615,857.40	10.00	61,585.74	0.6403	394.33	
Customer and Administrative	4,358,082.79	0.10	4,358.08	0.6403	27.90	
Hydrants	201,960.13	-	-	0.6403	-	
<b>Total</b>	<b>\$ 37,887,846.40</b>		<b>\$ 27,120,568.77</b>		<b>\$ 173,653.00</b>	

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

\$ 173,653.00	X	2 Percent	=	\$ 3,473.06	X	1/6,009 =	\$ 0.57798
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**ALLOCATED CAPITAL COST X 6% DIVIDED BY WHOLESALE USER'S MOST RECENT ANNUAL BILLED GALLONS**

\$ 173,653.00	X	6 Percent	=	\$ 10,419.18	X	1/6,009 =	1.73393
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**CASH OPERATION AND MAINTENANCE EXPENSES**

	Amount	Percentage To Be Shared	Allocated Expenses	Billed Gallons	
Treatment	\$ 1,678,000.00	90.00	\$ 1,510,200.00	938,505	1.60915
Transmission and Distribution	884,217.00	45.00	397,897.65	938,505	0.42397
General	91,567.28	45.00	41,205.28	938,505	0.04391
<b>Total</b>	<b>\$ 2,653,784.28</b>		<b>\$ 1,949,302.93</b>		

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

\$ 144.00	X	1/6,009 =	<u>0.02396</u>
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**CURRENT CALCULATED WATER RATE (Adjusted to \$4.39)** \$4.1290

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

	<b><u>COST</u></b>	
<b><u>A. 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	5,050,392.44	
Less: Grants	(3,000,000.00)	
Total	\$ 2,050,392.44	
<b><u>B. WATER TREATMENT PLANT</u></b>		
Treatment Plant Equipment	\$ 19,281,797.00	14
Water Filtration Membranes	684,529.32	
Total	\$ 19,966,326.32	
<b><u>C. STORAGE FACILITIES</u></b>		
	\$ 1,995,265.63	6
<b><u>D. TRANSMISSION AND DISTRIBUTION</u></b>		
Water Mains	\$ 7,897,923.57	1
Filtration	651,987.03	13
Distribution	114,176.03	2
Easements	35,875.06	3
Total	\$ 8,699,961.69	
<b><u>E. GENERAL MAINTENANCE EQUIPMENT</u></b>		
Distribution	\$ 463,955.98	4
Filtration	151,901.42	5
Total	\$ 615,857.40	
<b><u>F. CUSTOMER AND ADMINISTRATIVE</u></b>		
Water Services	\$ 2,051,536.75	7
Meters	2,197,656.96	8
Filtration Office Equipmen	50,489.15	9
Distribution Office Equipmen	7,910.42	16
Utility Office Equipment - (201,958.02 x 25%)	50,489.51	
Total	\$ 4,358,082.79	
<b><u>G. HYDRANTS</u></b>		
	\$ 201,960.13	15
<b>GRAND TOTAL</b>	<b>\$ 37,887,846.40</b>	

City of Madisonville  
Depreciation Summary

Filter	2012	2013	2014	2015	2016	
Filter Plant Complex	5,550.00	5,500.00	5,550.00	5,550.00	5,550.00	14
Lake River Intake Source	522,786.96	522,786.96	522,786.96	522,786.96	522,786.96	10
Structures & Imp Plant	14,970.00	32,709.32	32,709.32	32,709.32	32,709.32	14
Tools & Work Equip Plant	-	-	-	-	-	14
Chemical Mach Plant	177,762.46	177,762.46	177,762.46	177,762.46	177,762.46	14
Communications Equip	-	-	-	-	-	14
Filter Plant Complex	18,583,905.11	18,624,713.88	18,636,094.62	18,669,614.51	18,708,342.35	14
Lab Equip Plant	114,943.65	114,943.65	114,943.65	114,943.65	123,668.44	14
Lake, River, Intake Source	7,608.98	7,608.98	7,608.98	7,608.98	7,608.98	10
Office Furniture	-	12,332.77	12,332.77	21,360.77	50,489.15	9
Serv & Maint Comp Plant	70,061.28	70,061.28	97,449.21	97,449.21	97,449.21	14
Structures & Imp Plant	77,962.00	77,962.00	77,962.00	77,962.00	77,962.00	14
Tools & Work Equip Plant	7,600.00	35,863.44	35,863.44	35,863.44	35,863.44	5
Vehicles Plant	89,953.98	89,953.98	89,953.98	89,953.98	116,037.98	5
Water Tanks & Towers	1,992,480.64	1,992,480.64	1,992,480.64	1,995,265.63	1,995,265.63	5
Water Treat Equip Plant	58,353.22	58,353.22	58,353.22	58,353.22	58,353.22	14
Location 85	349,797.30	426,821.30	426,821.30	426,821.30	426,821.30	13
Other Pumping Equip:						
South Main Project	196,507.09	196,507.09	196,507.09	196,507.09	196,507.09	13
Peabody Pump	-	-	-	-	-	13
#2 Pumps	9,059.00	9,059.00	9,059.00	9,059.00	9,059.00	13
Actuator	-	-	-	-	-	13
Pumping Equipment	13,155.64	13,155.64	13,155.64	13,155.64	13,155.64	13
Myers Pump 4"	6,444.00	6,444.00	6,444.00	6,444.00	6,444.00	13
Lake River Intake Source:						
Land Dams & Lakes	1,155,924.86	1,155,924.86	1,155,924.86	1,155,924.86	1,155,924.86	12
Green River Pipeline	3,364,071.64	3,364,071.64	3,364,071.64	3,364,071.64	3,364,071.64	11
<b>Total</b>	<b>26,818,897.81</b>	<b>26,995,016.11</b>	<b>27,033,834.78</b>	<b>27,079,167.66</b>	<b>27,181,832.67</b>	
<b>Water</b>						
Backhoes & Compressors	-	-	-	-	-	4
Fire Hydrants	203,363.44	203,363.44	203,363.44	206,534.35	201,960.13	15
Mapping	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	7
Meters	2,161,941.19	2,197,656.96	2,197,656.96	2,197,656.96	2,197,656.96	6
Service Taps	1,946,614.21	1,960,818.64	1,978,117.92	2,007,706.04	2,048,036.75	7
Tools & Work Equip	3,076.00	3,076.00	3,076.00	3,076.00	-	4
Vehicles	12,527.75	-	-	-	-	4
Water Mains	7,051,691.84	7,347,683.93	7,677,479.70	7,661,777.39	7,897,923.57	1
Backhoes & Compressors	125,737.06	125,737.06	134,700.06	134,700.06	8,963.00	4
Easements	35,875.06	35,875.06	35,875.06	35,875.06	35,875.06	3
Office Furn & Equip	7,910.42	7,910.42	7,910.42	7,910.42	7,910.42	16
Serv & Maint Complex	111,876.03	111,876.03	111,876.03	111,876.03	114,176.03	2
Tools & Work Equip	97,828.55	97,828.55	101,590.42	101,590.42	101,590.42	4
Vehicles	258,025.81	270,553.56	288,145.56	288,145.56	353,402.56	4
<b>Total</b>	<b>12,019,967.36</b>	<b>12,365,879.65</b>	<b>12,643,291.57</b>	<b>12,760,348.29</b>	<b>12,970,994.90</b>	
			<b>39,677,126.35</b>	<b>39,839,515.95</b>	<b>40,152,827.57</b>	
		<b>1</b>	<b>7,897,823.57</b>	<b>9</b>	<b>50,489.15</b>	
		<b>2</b>	<b>114,176.03</b>	<b>10</b>	<b>530,395.94</b>	
		<b>3</b>	<b>35,875.06</b>	<b>11</b>	<b>3,364,071.64</b>	
		<b>4</b>	<b>463,955.98</b>	<b>12</b>	<b>1,155,924.86</b>	

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>ELECTRONIC PROPOSED</b>	)	
<b>ADJUSTMENT OF THE WHOLESALE</b>	)	
<b>WATER SERVICE RATES OF</b>	)	<b>CASE NO. 2017-00133</b>
<b>MADISONVILLE WATER</b>	)	
<b>DISTRIBUTION</b>	)	

**AMENDED JOINT SETTLEMENT AGREEMENT AND STIPULATION**

The City of Madisonville (“City” or “Madisonville”), Nebo Water District (“Nebo”), and North Hopkins Water District (“North Hopkins”) (collectively, “Parties”), by counsel, hereby amend the Joint Settlement Agreement and Stipulation filed on June 28, 2017, which shall hereafter be referred to as the “Amended Settlement.”

1. On June 28, 2017, the Parties filed with the Commission the Joint Settlement Agreement and Stipulation (“Settlement”). In Paragraph 7, the Settlement stipulated that the revised calculations produced a wholesale rate of \$4.39 per 1,000 gallons to Nebo and North Hopkins and a wholesale rate of \$4.41 per 1,000 gallons to South Hopkins Water District (“South Hopkins”).

2. The Parties amend Paragraph 7 of the Settlement to read as follows:

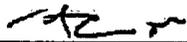
These revised calculations produce a wholesale rate of \$4.39 per 1,000 gallons to Nebo and North Hopkins and a wholesale rate of

\$4.41 per 1,000 gallons to South Hopkins, which will be rounded to \$4.39 per 1,000 gallons for uniformity.

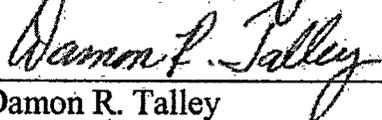
3. All other provisions of the Settlement that do not conflict with this amendment are incorporated herein and remain in full effect.

**AGREED:** This 26th day of July, 2017.

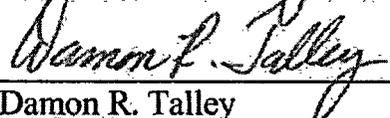
CITY OF MADISONVILLE

BY:   
Joe A. Evans, III  
Counsel for City of Madisonville

NEBO WATER DISTRICT

BY:   
Damon R. Talley  
Counsel for Nebo Water District

NORTH HOPKINS WATER DISTRICT

BY:   
Damon R. Talley  
Counsel for North Hopkins Water District

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2017-00133 DATED **AUG 09 2017**

The following rates and charges are prescribed for the customers in the area served by city of Madisonville. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Wholesale Water Rates

South Hopkins Water District	4.39	per 1,000 gallons
North Hopkins Water District	4.39	per 1,000 gallons
Nebo Water District	4.39	per 1,000 gallons

\*Madisonville Water Distribution  
600 McCoy Avenue  
P. O. Box 704  
Madisonville, KY 42431

\*Nebo Water District  
45 North Bernard Street  
Nebo, KY 42441

\*Cory C Alexander  
City of Madisonville  
PO Box 1270  
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\*North Hopkins Water District  
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