

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

**In the Matter of:**

**ELECTRONIC APPLICATION OF NORTH )  
HOPKINS WATER DISTRICT FOR A )  
CERTIFICATE OF PUBLIC CONVENIENCE )  
AND NECESSITY TO CONSTRUCT A ) CASE NO. 2020-00126  
SYSTEM IMPROVEMENTS PROJECT AND )  
AN ORDER AUTHORIZING THE )  
ISSUANCE OF SECURITIES PURSUANT TO )  
KRS 278.023 )**

**RESPONSE OF  
NORTH HOPKINS WATER DISTRICT  
TO  
COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION  
DATED SEPTEMBER 24, 2020**

**FILED: October 8, 2020**

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OF SECURITIES PURSUANT TO KRS )  
278.023 )**

**RESPONSE OF NORTH HOPKINS WATER DISTRICT TO  
COMMISSION STAFF’S THIRD REQUEST FOR INFORMATION**

Comes North Hopkins Water District, for its Response to Commission Staff’s  
Third Request for Information, and states as shown on the following pages.



Katelyn L. Brown  
Stoll Keenon Ogden PLLC  
500 West Jefferson Street, Suite 2000  
Louisville, Kentucky 40202  
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*Counsel for North Hopkins Water District*

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

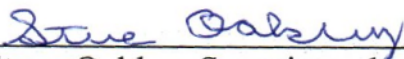
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**CERTIFICATION OF RESPONSE OF NORTH HOPKINS WATER  
DISTRICT TO COMMISSION STAFF'S THIRD REQUEST FOR  
INFORMATION**

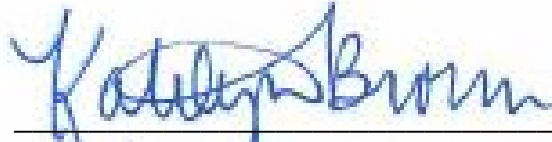
This is to certify that I have supervised the preparation of North Hopkins Water District's Responses to Commission Staff's Third Request for Information. The response submitted on behalf of North Hopkins Water District is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Date: 10-8-20

  
\_\_\_\_\_  
Steve Oakley, Superintendent  
North Hopkins Water District

## CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8 and the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085 regarding electronic filings, I certify that North Hopkins Water District's Response to Commission Staff's Third Request for Information was electronically transmitted to the Public Service Commission on October 8, 2020 and North Hopkins Water District will file original paper copies of this filing within 30 days of the lifting of the State of Emergency.



---

Katelyn L. Brown

**NORTH HOPKINS WATER DISTRICT**

**CASE NO. 2020-00126**

**Response to Commission Staff's Third Request for Information**

**Question No. 1**

**Responding Witness: Steve Oakley, Superintendent**

**Q-1. Provide the status of the construction approved in the Commission's May 6, 2020 Order.**

A-1. There are four main portions of this Rural Development construction project ("RD Project"): (1) installation of 18,700 feet of new 8-inch water line for interconnection with the Webster County Water District ("Webster District"); (2) installation of a booster pump station to pump water from Webster District to North Hopkins District; (3) installation of flushing hydrants throughout the North Hopkins District system to improve water quality; and (4) the installation of an automated meter reading system, including the replacement of all meters, to allow more efficient meter reading and more accurate measurement of water usage.

The construction relating to the interconnection with Webster District is nearing completion. All of the line has been laid in the ground. The estimated completion date of the pump station is mid-November to early December. North Hopkins District has not yet begun the installation of the approximately

ten (10) flushing hydrants that will be located throughout its system. As discussed in the Response to Q-2, North Hopkins District has replaced approximately 1/3 of its current customer meters with the new automated meters.

Pursuant to Ordering Paragraph 11 of the Commission's May 6, 2020 Order, North Hopkins District will inform the Commission when construction is 50% complete. This construction milestone is expected in the next couple of weeks.

**NORTH HOPKINS WATER DISTRICT**

**CASE NO. 2020-00126**

**Response to Commission Staff's Third Request for Information**

**Question No. 2**

**Responding Witness: Steve Oakley**

**Q-2. Provide an explanation for how North Hopkins District will replace customers' meters that have not been tested in ten years, including how the replacement of the meters will be funded.**

A-2. North Hopkins District has purchased approximately 1,400 brand new meters that will replace all the customer meters in North Hopkins District's service territory. North Hopkins is making good progress on the replacement of the old meters and expects all customer meters to be replaced by the beginning of 2021. At the time of this Response, North Hopkins District has replaced over 400 meters with the new radio read drive-by Badger meters that have an Itron reading system. The cost of these new Badger meters is included in the RD Project.

**NORTH HOPKINS WATER DISTRICT**

**CASE NO. 2020-00126**

**Response to Commission Staff's Third Request for Information**

**Question No. 3**

**Responding Witness: Steve Oakley**

**Q-3. Provide a detailed explanation of any disputes between North Hopkins District and the city of Madisonville.**

A-3. The City of Madisonville ("Madisonville") has been the sole supplier of water to North Hopkins District since North Hopkins District started serving water customers in November 1982. During the past few years, however, at least four (4) major issues have strained the relationship between Madisonville and North Hopkins District. These issues are:

1. Poor Water Quality;
2. 2017 Wholesale Rate Increase by Madisonville;
3. Lawsuit Filed by Madisonville Against North Hopkins District; and
4. Failure to Negotiate a Contract Extension

These issues will now be discussed individually.

1. **Poor Water Quality.** For years, the level of Disinfectant By-Products ("DBP") of water delivered by Madisonville to North Hopkins District was "marginal" at best and, sometimes, exceeded the maximum contaminate level



(“MCL”). The repeated efforts by North Hopkins District to persuade Madisonville to reduce the levels of DBP were unsuccessful. On March 18, 2016, North Hopkins District was placed under an Agreed Order by the Division of Enforcement of the Department for Environmental Protection of the Commonwealth of Kentucky’s Energy and Environment Cabinet. It remained under the Agreed Order for three (3) years (See the Response to Q-4 for more information about this topic). Madisonville was also placed under an Agreed Order at some point during the time that North Hopkins District was operating under an Agreed Order. As a combination of the extra flushing by North Hopkins District and Madisonville’s improved water quality, North Hopkins District was finally released from the Agreed Order on March 21, 2019. It is not known whether Madisonville is still under its Agreed Order.

2. **2017 Wholesale Rate Increase by Madisonville.** In February 2017, Madisonville served Notice to its wholesale water district customers that it was increasing its wholesale water rate from \$4.13 to \$5.01 per 1,000 gallons. In previous years, the wholesale customers, including North Hopkins District, had accepted the wholesale increases without questioning or challenging the increases. In 2017, however, this \$0.88 increase per 1,000 gallons, when coupled with the poor quality water being delivered by Madisonville, was just too much for North Hopkins to “swallow.” North Hopkins District talked

with the Nebo Water District (“Nebo District”), which also purchases all its water from Madisonville. Together, Nebo District and North Hopkins District engaged the services of Stoll Keenon Ogden, PLLC (“SKO”) to file a protest with the PSC. The Commission opened an investigation into the reasonableness of the proposed Madisonville rates (See PSC Case No. 2017-00133). Madisonville was shocked that tiny North Hopkins District and Nebo District had the audacity to “stand up to” Madisonville and challenge the proposed wholesale rate. The relationship between Madisonville and North Hopkins immediately went from “bad” to “worse.”

SKO attorneys thoroughly reviewed the information that Madisonville provided the Commission. They discovered that Madisonville had “expensed” the cost of water filtration membranes rather than “capitalizing” this expense and depreciating it over the useful life of the membranes. As a result of this accounting error discovered by SKO, the wholesale rate dropped to \$4.39 per 1,000 gallons, a reduction of \$0.62 per 1,000 gallons from the proposed rate. North Hopkins District is convinced that Madisonville still “holds it against” North Hopkins District for challenging the wholesale rate before the Commission.

- 3. Lawsuit Filed by Madisonville Against North Hopkins District.** North Hopkins District experienced cash flow problems in 2017 and 2018. It had made several large expenditures, including the following: (a) approximately \$23,000 to pay HMB Engineers to prepare and calibrate a hydraulic model of its distribution system (“KYPIPE Model”) as required under the Agreed Order; (b) approximately \$50,000 for a new SCADA system to monitor its water storage tank levels and operate its pump stations; and (c) purchasing and flushing large volumes of water from Madisonville at \$4.39 per 1,000 gallons in an effort to lower its DBP levels. In January 2018, North Hopkins District representatives met with Madisonville officials and explained that it would not be able to fully pay its monthly water bills for the next few months. North Hopkins District requested Madisonville to establish a payment plan until North Hopkins District’s cash flow situation improved. The North Hopkins District representatives left the meeting with the understanding that Madisonville was going to “work with them” and establish a payment plan. The next week, however, North Hopkins District read in the newspaper that Madisonville was going to file suit in Hopkins Circuit Court against North Hopkins District for these arrearages. Madisonville filed suit; North Hopkins had to hire an attorney to defend itself. The Circuit Judge ordered the parties to try to resolve this matter and held the case in abeyance while the parties

negotiated. Fortunately, a new Mayor came on the scene for Madisonville. He was willing to establish a payment plan and waive the Late Payment Fees. North Hopkins District made all the payments under the payment plan and has made all its monthly payments since then.

- 4. Failure to Negotiate a Contract Extension.** The last major issue that has strained the relationship between Madisonville and North Hopkins District is Madisonville's unwillingness to even discuss, let alone negotiate, an extension of the existing water supply agreement between the parties. The current agreement expires in November 2022. Despite repeated efforts by North Hopkins District to engage Madisonville officials in contract discussions, Madisonville has refused to do so. The Mayor and City Administrator did briefly meet with North Hopkins District officials in October 2019 regarding this topic. The Mayor stated that a contract extension would be sent to North Hopkins within the next month. No contract extension was received by North Hopkins District. Madisonville has not communicated with North Hopkins District since then despite numerous phone calls to the Mayor's Office and to the City Administrator's Office. They refuse to take phone calls from, or return phone calls to, North Hopkins District officials. I have even gone to the Mayor's Office to see him, but he is always "in meetings."

**NORTH HOPKINS WATER DISTRICT**

**CASE NO. 2020-00126**

**Response to Commission Staff's Third Request for Information**

**Question No. 4**

**Responding Witness: Steve Oakley and Jeff Reynolds, P.E., HMB Engineers**

**Q-4. Provide a description of North Hopkins District's efforts to convince Madisonville to improve its water quality. Include descriptions of all meetings and provide all correspondence between North Hopkins District and Madisonville that concerns water quality issues.**

A-4. On March 18, 2016, North Hopkins District was placed under an Agreed Order from the Division of Enforcement of the Department for Environmental Protection of the Commonwealth of Kentucky's Energy and Environment Cabinet for its failure to correct its previous violations related to MCLs in its system. Because North Hopkins District buys all its water from Madisonville, I met with representatives from Madisonville in person and requested help in order to get the contaminant levels under control. Madisonville took no action to help North Hopkins District and was not responsive to further communications by North Hopkins District.

As part of the remedial measures contained in the Agreed Order, North Hopkins District was ordered to determine if DBPs were being formed in the distribution system or elsewhere. To satisfy this requirement, North Hopkins District employed HMB Engineers to help develop a KYPIPE Model of its

system. The results of the KYPIPE Model showed that in some areas the water purchased from Madisonville remained in portions of North Hopkins District's distribution system for as long as 880 hours from the time it left the Madisonville master meter (The exact age of the water at the time it flowed through the Madisonville master meter is unknown, but it is already a few days old by the time it reaches the master meter). See Node J-232 on the attached map. The KYPIPE Model also simulated the age of the water if North Hopkins District decided to connect with the Webster District system. The KYPIPE Model showed water would remain in Webster District pipes for only 26 hours at Node J-234. When it was determined that Madisonville could not significantly decrease the age of the water and that Webster District's water would be much fresher, North Hopkins District began to seriously consider connecting to Webster District.

At each Node, the water to be purchased from Webster District will be significantly fresher when it reaches the customer than if the water had been purchased from Madisonville, according to the KYPIPE Model prepared by HMB Engineers. This information is depicted in the upper right corner of the attached map and is inserted below.

	WEBSTER WATER	MADISONVILLE WATER
NODE	AGE (HRS)	AGE (HRS)
J-107	118	394
J-113	241	469
J-141	499	634
J-154	265	562
J-167	529	727
J-219	519	626
J-232	781	880
J-234	26	367

North Hopkins District has since been released from the 2016 Agreed Order. In the attached letter dated March 21, 2019, the Division of Enforcement determined that North Hopkins District had complied with the terms and conditions of the Agreed Order and closed the case. North Hopkins District is back in compliance with its contaminant levels every month. During the past several years, the water delivered by Madisonville at the master meter was either out of compliance or it was just below the maximum level for DBPs. Eventually, Madisonville went under an Agreed Order. It is not known whether Madisonville is still under an Agreed Order. Although North Hopkins District is back in compliance, it has invested significant funds and time into the RD Project, which is almost 50% completed. Exceeding allowable contaminant levels could be a recurring problem; there is always a possibility that poor water quality from Madisonville could cause future problems for North Hopkins District.

# **KYPIPE MODEL**

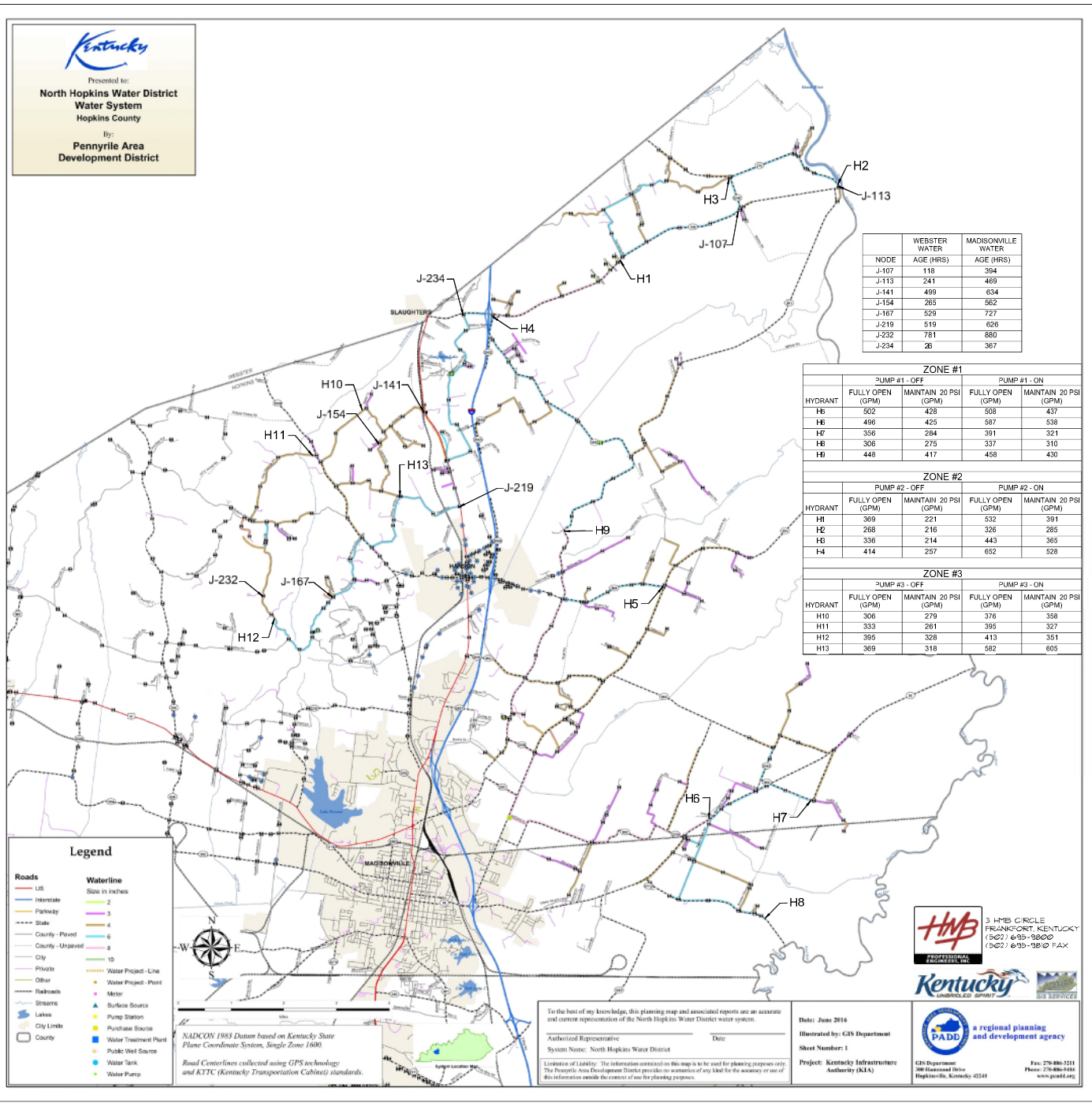
**HMB ENGINEERS**





Presented to:  
**North Hopkins Water District**  
**Water System**  
 Hopkins County

By:  
**Pennyrite Area**  
**Development District**



	WEBSTER WATER	MADISONVILLE WATER
NODE	AGE (HRS)	AGE (HRS)
J-107	118	394
J-113	241	469
J-141	499	634
J-154	265	562
J-167	526	727
J-219	519	626
J-232	781	880
J-234	26	367

ZONE #1				
HYDRANT	PUMP #1 - OFF		PUMP #1 - ON	
	FULLY OPEN (GPM)	MAINTAIN 20 PSI (GPM)	FULLY OPEN (GPM)	MAINTAIN 20 PSI (GPM)
H1	502	428	508	437
H2	496	425	587	538
H7	356	284	391	321
H8	306	275	337	310
H9	448	417	458	430

ZONE #2				
HYDRANT	PUMP #2 - OFF		PUMP #2 - ON	
	FULLY OPEN (GPM)	MAINTAIN 20 PSI (GPM)	FULLY OPEN (GPM)	MAINTAIN 20 PSI (GPM)
H1	369	221	532	391
H2	268	216	326	285
H3	336	214	443	385
H4	414	257	652	528

ZONE #3				
HYDRANT	PUMP #3 - OFF		PUMP #3 - ON	
	FULLY OPEN (GPM)	MAINTAIN 20 PSI (GPM)	FULLY OPEN (GPM)	MAINTAIN 20 PSI (GPM)
H10	306	279	376	358
H11	333	261	395	327
H12	395	328	413	351
H13	369	318	582	605

**Legend**

<b>Roads</b>	<b>Waterline</b>
US	Size in inches
Interstate	2
Parkway	3
State	4
County - Paved	6
County - Unpaved	8
City	10
Private	Water Project - Line
Other	Water Project - Point
Railroads	Man
Streams	Surface Source
Lakes	Pump Station
City Limits	Purchase Source
County	Water Treatment Plant
	Public Well Source
	Water Tank
	Water Pump

NADCON 1983 Datum based on Kentucky State Plane Coordinate System, Single Zone 1600.

Road Centerlines collected using GPS technology and KYTC (Kentucky Transportation Cabinet) standards.

To the best of my knowledge, this planning map and associated reports are an accurate and current representation of the North Hopkins Water District water system.

Authorized Representative \_\_\_\_\_ Date \_\_\_\_\_

System Name: North Hopkins Water District

Limitation of Liability: The information contained on this map is to be used for planning purposes only. The Pennyrite Area Development District provides no warranty of any kind for the accuracy or use of this information outside the context of use for planning purposes.

Date: June 2016  
 Illustrated by: GIS Department  
 Sheet Number: 1  
 Project: Kentucky Infrastructure Authority (KIA)



3 HMB CIRCLE  
 FRANKFORT, KENTUCKY  
 (502) 695-9800  
 (502) 695-9800 FAX

**Kentucky**  
 UNBROKEN SPIRIT

**PADD**  
 a regional planning and development agency

GIS Department  
 300 Beardsley Drive  
 Hopkinsville, Kentucky 42248

Fax: 270-886-3211  
 Phone: 270-886-5444  
 www.padd.org

# **Release from Agreed Order**

**March 21, 2019**



MATTHEW G. BEVIN  
GOVERNOR

CHARLES G. SNAVELY  
SECRETARY

**ENERGY AND ENVIRONMENT CABINET**  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

ANTHONY R. HATTON  
COMMISSIONER

300 SOWER BOULEVARD  
FRANKFORT, KENTUCKY 40601

March 21, 2019

North Hopkins Water District  
ATTN: Steve Oakley  
316 Liberty Church Loop  
Madisonville, Kentucky 42431

Re: Case No. DOW150209  
AI No. 33925  
AI Name: North Hopkins Water District  
Activity ID: DW ERF20150001  
PWSID: KY0540138  
Hopkins County

Dear North Hopkins Water District:

The Division of Enforcement has determined that North Hopkins Water District has complied with the terms and conditions of the Agreed Order, executed March 18, 2016. The Division considers Case No. DOW150209 resolved and closed. The Demand for Stipulated Penalty Letter issued February 7, 2019 is being rescinded with this closure. Please contact me at 1-502-782-0526 or [camry.waters@ky.gov](mailto:camry.waters@ky.gov) if you have any questions.

Sincerely,

*Camry Waters*

Camry Waters  
Environmental Enforcement Specialist  
Division of Enforcement

**NORTH HOPKINS WATER DISTRICT**

**CASE NO. 2020-00126**

**Response to Commission Staff's Third Request for Information**

**Question No. 5**

**Responding Witness: Steve Oakley**

**Q-5. Explain whether there were other motivations beyond the water quality issues described in the application for North Hopkins District to install a pipeline to Webster County Water District (Webster District).**

A-5. Although the water quality issues were the driving force behind the Webster District connection project, North Hopkins District also considered the upcoming expiration of its contract with Madisonville. The current contract was executed on April 15, 1980 for a 40-year term commencing upon the initial delivery of water by Madisonville. This occurred in November 1982. The November 24, 1982 Amendment reduced North Hopkins District's monthly minimum purchase from 1,000,000 gallons to 300,000 gallons. North Hopkins District currently purchases approximately 7,000,000 gallons of water per month from Madisonville. North Hopkins District has approached Madisonville, particularly the Mayor and City Administrator, numerous times regarding the upcoming expiration of the contract. Since October 2019, Madisonville has not returned North Hopkins District's phone

calls regarding the contract and has not entertained meetings with North Hopkins District when I physically visit the Mayor's office.

North Hopkins District expects to purchase approximately 3,000,000 gallons per month from Webster District and the balance of its water from Madisonville. Because Madisonville has not extended a new or amended contract to North Hopkins District, North Hopkins District might be forced to purchase all of its water from Webster District. Webster District has communicated that it has capacity to supply all of North Hopkins District's water.

**NORTH HOPKINS WATER DISTRICT**

**CASE NO. 2020-00126**

**Response to Commission Staff's Third Request for Information**

**Question No. 6**

**Responding Witness: Steve Oakley**

**Q-6. Provide a copy of the purchased water agreement between North Hopkins District and Webster District. If no formal document exists, provide an explanation containing the details of the agreement.**

A-6. The Water Purchase Contract between North Hopkins District and Webster District is attached. Paragraph 33 of the RD Letter of Conditions dated January 31, 2018 required North Hopkins District to have a 40-year water supply agreement in place. Without this contract from Webster District, RD would not have continued processing the loan.

Position 5 MAR 22 2018

Form RD 442-30  
(Rev. 10-96)

UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL DEVELOPMENT

FORM APPROVED  
OMB NO. 0575-0015

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 8<sup>th</sup> day of March, 2018, between the Webster County Water District

P.O. Box 320, Dixon, KY 42409  
(Address)

hereinafter referred to as the "Seller" and the North Hopkins Water District

316 Liberty Church Loop, Madisonville, KY 42431  
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 74 of the Code of Kentucky Revised Statutes, 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 No. 2018-1 enacted on the 8<sup>th</sup> day of March, 2018, 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 Chairman, and attested by the Secretary, was duly authorized, and

Whereas, by Resolution of the Board of Directors of the Purchaser, enacted on the 8<sup>th</sup> day of March, 2018, 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 the Chairman, and attested by the Secretary was duly authorized;

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 Kentucky Natural Resources and Environmental Protection Cabinet, Division of Water

in such quantity as may be required by the Purchaser not to exceed 12,000,000 gallons per month.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer STOP 7602, 1400 Independence Avenue, S.W. Washington, D.C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at 70 psi from an existing ten (10) inch main supply at a point located the intersection of KY 41 and Slaughters Elmwood Road

If a greater pressure than that normally 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. (Metering Equipment) 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 disclosed by test to be inaccurate shall be corrected for the 6 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 3rd week 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.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 1st 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 15th day of each month, for water delivered in accordance with the following schedule of rates:

- a. \$ 3700 for the first 1,000,000 gallons, which amount shall also be the minimum rate per month.
- b. \$ 3.70 cents per 1000 gallons for water in excess of 1,000,000 gallons but less than 12,000,000 gallons.
- c. \$ 3.70 cents per 1000 gallons for water in excess of 12,000,000 gallons.

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of \$0.00 dollars which shall cover any and all costs of the Seller for installation of the metering equipment and (See Attached Amendment)



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 45 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, or 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 that time, at a flat charge of \$ 3.70 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.
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 1 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 Rural Development of the United States Department of Agriculture, and the provisions here of pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of Rural Development.
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 three (3) counterparts, each of which shall constitute an original.

Seller:

Webster County Water District

By Charles Eucharis

Title Chairman

Attest:

Jimmy Goff  
Secretary

Purchaser:

North Hopking Water District

By Harold Glavin

Title Chairman

Attest:

Jamaica Hunter  
Secretary

This contract is approved on behalf of Rural Development this \_\_\_\_\_ day of \_\_\_\_\_,

By \_\_\_\_\_

Title \_\_\_\_\_

AMENDMENT No. 1  
to the  
WATER PURCHASE CONTRACT  
between  
WEBSTER COUNTY WATER DISTRICT  
and  
NORTH HOPKINS WATER DISTRICT

I. This AMENDMENT shall amend the WATER PURCHASE CONTRACT as follows:

- Webster County Water District agrees to furnish the Metering Equipment, including meter vault and required devices of standard type for properly measuring the quantity of water delivered.
- North Hopkins Water District agrees to install the Metering Equipment furnished by Webster County Water District.
- North Hopkins Water District agrees to relinquish ownership to Webster County Water District the water line from the connection point at the intersection of KY 41 and Slaughters Elmwood Road to the Master Meter.
- Webster County Water District agrees that the relinquished water line shall be solely dedicated the North Hopkins Water District and no other services can utilize this water line.

III. All other sections of the basic WATER PURCHASE CONTRACT, as Amended, shall remain in force except those modified by this AMENDMENT.

IN WITNESS WHEREOF the parties have made and executed this AMENDMENT this 8<sup>th</sup> day of March, 2018.

Seller:

WEBSTER COUNTY WATER DISTRICT

Charles Buchanan  
?????????  
Chairman

Purchaser:

NORTH HOPKINS WATER DISTRICT

David Adams  
David Adams  
Chairman

MAR 22 2018

Resolution # 2018-1

**RESOLUTION FOR AGREEMENT FOR WATER PURCHASE CONTRACT WITH  
NORTH HOPKINS WATER DISTRICT**

**WHEREAS**, the North Hopkins Water District of Kentucky has committed to improve and enhance community livability for the citizens they serve:

**WHEREAS**, assistance is available through USDA Rural Development Program; and

**WHEREAS**, the North Hopkins Water District desires to provide water to residence in northern Hopkins County and

**NOW, THEREFORE, BE IT RESOLVED**, that the Webster County Water District, Dixon, Kentucky, in an effort to support the North Hopkins Water District effort shall be entered into said contract attached hereto and incorporated by reference;

**BE IT FURTHER RESOLVED**, that the Chairman and Board members are in support of said contract.

**BE IT FURTHER RESOLVED**, that the Chairman is authorized to enter into and execute attached contract.

Done this 8<sup>th</sup> day of March, 2018.

Charles Buchanan

Charles Buchanan, Chairman  
Webster County Water District

3-8-18

Date

Attest:

Jimmy Goff  
Jimmy Goff Secretary

Webster County Water District

**NORTH HOPKINS WATER DISTRICT**

**CASE NO. 2020-00126**

**Response to Commission Staff's Third Request for Information**

**Question No. 7**

**Responding Witness: Steve Oakley**

**Q-7. Provide a list of alternatives to connecting to Webster District that North Hopkins District considered to resolve its water quality problems.**

A-7. North Hopkins District determined that connecting to Webster District was the only feasible option because all the other water utilities surrounding the North Hopkins District purchase water from Madisonville. Therefore, connecting to another utility would not solve the poor water quality issues relating to Madisonville water. Connecting to another utility would likely exacerbate the poor water quality issues because the water would have to flow from Madisonville to another utility and then to North Hopkins District. Purchasing water from McLean County Regional Water Commission at Calhoun would be a large undertaking and expensive because the water line would have to be at least 15 miles long and it would have to cross under Green River.

North Hopkins District also considered adding a mixing system and an aerator system to its tanks, but this would not change the age of the water once it reached North Hopkins District's distribution system.

In summary, North Hopkins District knew that the proposed connection point with Webster District would result in excellent water quality because the City of Slaughters purchases water from Webster District. The City of Slaughters' interconnection with Webster District is very close to North Hopkins' interconnection with Webster District. The City of Slaughters' water quality is consistently in compliance.

**NORTH HOPKINS WATER DISTRICT**

**CASE NO. 2020-00126**

**Response to Commission Staff's Third Request for Information**

**Question No. 8**

**Responding Witness: Steve Oakley**

**Q-8. Provide a detailed explanation for how installing the new pipeline to Webster District will correct North Hopkins District's deficiency with its master meters.**

A-8. North Hopkins Water District has just one master meter in Madisonville, located along Brown Road. The Commission's Division of Inspections last inspected North Hopkins District on January 16, 2020 and noted that North Hopkins District was not testing its master meter as required by 807 KAR 5:006, Section 16(1). North Hopkins District has not tested its master meter because Madisonville informed North Hopkins District in April 2020 that Madisonville had purchased a replacement master meter. Unfortunately, Madisonville has not yet replaced the master meter.

Pursuant to the Water Purchase Contract between North Hopkins District and Madisonville executed on April 15, 1980, Madisonville is responsible for installation, operation, and maintenance of metering equipment, including the master meter. Amendment No. 1 to the Water Purchase Contract between

North Hopkins District and Madisonville executed on November 24, 1982 states that North Hopkins District, as Purchaser, is responsible for paying the cost of master meter testing. North Hopkins District recognizes its responsibility to pay for meter testing and has made arrangements to get the master meter tested. On Tuesday afternoon, October 6, 2020, I called Keith Browning, who is the Assistant Water Superintendent for Madisonville, and inquired when Madisonville was planning to install the new master meter. Keith said he did not know when this would occur, but he said that he would talk to his boss and let me know on Wednesday, October 7, 2020. That was two (2) days ago and I still have not heard anything from Keith or anyone else at Madisonville. Meanwhile, I have contacted Jim Doyle, who tested the master meter when it was last tested in 2016. He plans to test the master meter in late November 2020.



**NORTH HOPKINS WATER DISTRICT**

**CASE NO. 2020-00126**

**Response to Commission Staff's Third Request for Information**

**Question No. 9**

**Responding Witness: Steve Oakley**

**Q-9. Explain whether North Hopkins District's decision to install a pipeline to Webster District will have any effect on North Hopkins District's water loss issues.**

A-9. The interconnection to Webster District will help North Hopkins District better determine where water leaks are occurring so that we can effectively and efficiently fix the leaks. When the RD Project is complete, approximately 60% of North Hopkins District's water lines will be located in an area served by Webster District, and approximately 40% of North Hopkins District's water lines will be located in an area served by Madisonville. Because there will be three (3) separate zones (two (2) served by Webster District and one (1) served by Madisonville), North Hopkins District will be able to more accurately determine which zone to inspect for leaks when a leak is detected.

**NORTH HOPKINS WATER DISTRICT**

**CASE NO. 2020-00126**

**Response to Commission Staff's Third Request for Information**

**Question No. 10**

**Responding Witness: Steve Oakley**

**Q-10. Explain why North Hopkins District has failed to file a monthly water loss report for the past two years.**

A-10. North Hopkins District is **not** aware of any Order from the Commission requiring the filing of a monthly water loss report. Also, legal counsel has advised us that there is no law nor Commission regulation which requires a water district to file monthly water loss reports with the Commission. North Hopkins District does, however, complete a monthly water loss report for internal purposes and analyses using the recommended Commission format. North Hopkins District is attaching the three most recently completed Monthly Water Loss Reports for June through August 2020.

June: 21.3%

July: 16.5%

August: 18.0%

# PUBLIC SERVICE COMMISSION

## Monthly Water Loss Report

Water Utility:

For the Month of:  Year:

LINE #	ITEM	GALLONS (Omit 000's)
1	<b>WATER PRODUCED, PURCHASED &amp; DISTRIBUTED</b>	
2	Water Produced	
3	Water Purchased	7,711,000
4	<b>TOTAL PRODUCED AND PURCHASED</b>	<b>7,711,000</b>
5		
6	<b>WATER SALES</b>	
7	Residential	5,370,410
8	Commercial	122,030
9	Industrial	203,750
10	Bulk Loading Stations	-
11	Wholesale	-
12	Other Sales	217,300
	<u>IDENTIFY OTHER SALES</u>	
13	<b>TOTAL WATER SALES</b>	<b>5,913,490</b> 76.7%
14		
15	<b>OTHER WATER USED</b>	
16	Utility and/or Water Treatment Plant	
17	Wastewater Plant	
18	System Flushing	157,410
19	Fire Department	
20	Other	
21	<b>TOTAL OTHER WATER USED</b>	<b>157,410</b> 2.0%
22		
23	<b>WATER LOSS</b>	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	1,640,100
27	Other	
28	<b>TOTAL LINE LOSS</b>	<b>1,640,100</b> 21.3%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	<b>WATER LOSS PERCENTAGE</b>	
33	Unaccounted-For Water (Line 28 divided by Line 4)	<b>21.3%</b>

# PUBLIC SERVICE COMMISSION

## Monthly Water Loss Report

Water Utility:

For the Month of:  Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	<b>WATER PRODUCED, PURCHASED &amp; DISTRIBUTED</b>		
2	Water Produced		
3	Water Purchased	7,925,900	
4	<b>TOTAL PRODUCED AND PURCHASED</b>	<b>7,925,900</b>	
5	<b>WATER SALES</b>		
7	Residential	5,920,950	
8	Commercial	208,080	
9	Industrial	314,830	
10	Bulk Loading Stations	-	
11	Wholesale	-	
12	Other Sales	11,980	
	<i>IDENTIFY OTHER SALES</i>		
13	<b>TOTAL WATER SALES</b>	<b>6,455,840</b>	81.5%
14	<b>OTHER WATER USED</b>		
16	Utility and/or Water Treatment Plant		
17	Wastewater Plant		
18	System Flushing	162,657	
19	Fire Department		
20	Other		
21	<b>TOTAL OTHER WATER USED</b>	<b>162,657</b>	2.1%
22	<b>WATER LOSS</b>		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	(6,618,497)	
27	Other	7,925,900	
	<i>IDENTIFY OTHER LOSS</i>		
28	<b>TOTAL LINE LOSS</b>	<b>1,307,403</b>	16.5%
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	<b>WATER LOSS PERCENTAGE</b>		
33	Unaccounted-For Water (Line 28 divided by Line 4)	<b>16.5%</b>	

# PUBLIC SERVICE COMMISSION

## Monthly Water Loss Report

Water Utility:

For the Month of:  Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	<b>WATER PRODUCED, PURCHASED &amp; DISTRIBUTED</b>		
2	Water Produced		
3	Water Purchased	7,761,100	
4	<b>TOTAL PRODUCED AND PURCHASED</b>	<b>7,761,100</b>	
5			
6	<b>WATER SALES</b>		
7	Residential	5,438,010	
8	Commercial	181,820	
9	Industrial	560,030	
10	Bulk Loading Stations	19,930	
11	Wholesale		
12	Other Sales		
13	<b>TOTAL WATER SALES</b>	<b>6,199,790</b>	79.9%
14			
15	<b>OTHER WATER USED</b>		
16	Utility and/or Water Treatment Plant		
17	Wastewater Plant		
18	System Flushing	162,657	
19	Fire Department		
20	Other		
21	<b>TOTAL OTHER WATER USED</b>	<b>162,657</b>	2.1%
22			
23	<b>WATER LOSS</b>		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	1,398,653	
27	Other		
28	<b>TOTAL LINE LOSS</b>	<b>1,398,653</b>	18.0%
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	<b>WATER LOSS PERCENTAGE</b>		
33	Unaccounted-For Water (Line 28 divided by Line 4)	<b>18.0%</b>	

**NORTH HOPKINS WATER DISTRICT**

**CASE NO. 2020-00126**

**Response to Commission Staff's Third Request for Information**

**Question No. 11**

**Responding Witness: Steve Oakley**

**Q-11. Explain the impact that changing suppliers has on North Hopkins District's purchase water expense.**

A-11. North Hopkins District is not entirely changing suppliers. North Hopkins District still expects to purchase a portion of its water from Madisonville. The water it purchases from Webster District, however, will be much cheaper than the water it purchases from Madisonville. North Hopkins District is currently paying \$4.52 per 1,000 gallons for the water it purchases from Madisonville, while the price it will pay Webster District, pursuant to the Water Purchase Contract attached to Q-6, is only \$3.70 per 1,000 gallons. North Hopkins District expects to purchase approximately 60-65% of its water from Madisonville and 35-40% from Webster District once the RD Project is complete.

**NORTH HOPKINS WATER DISTRICT**

**CASE NO. 2020-00126**

**Response to Commission Staff's Third Request for Information**

**Question No. 12**

**Responding Witness: Steve Oakley**

**Q-12. Explain whether North Hopkins District has been approached by any other entity seeking to acquire it or merge with it.**

A-12. North Hopkins District has not been approached to merge with or be acquired by any other entity.