

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

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

NEBO WATER DISTRICT'S COMPLIANCE
WITH ORDER OF
DECEMBER 22, 2023

NEBO WATER DISTRICT submits the following response to the information requested in Appendix C of the Commission's Order of December 22, 2023:

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.

RESPONSE: Yes. Rural Development has approved the rate formula with the caveat that is based on the limited information provided to it. See attached Exhibit A.

See also Exhibit B hereto where Rural Development gave Nebo Water District a waiver to allow a 30 year contract instead of a 40 year contract.

VERIFICATION

I, MARK MATHENY, verify, state and affirm that the above response is true and correct to the best of my knowledge and belief formed after a reasonable inquiry.

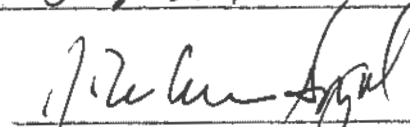

MARK MATHENY

STATE OF KENTUCKY

COUNTY OF Hopkins

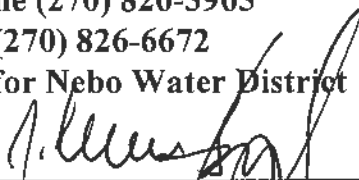
I HEREBY certify that the foregoing was signed, acknowledged and sworn to before me by MARK MATHENY this 5th day of January, 2024 .

My commission expires 5-3-2026


Notary Public
Notary Public ID No. KyND 98640

DORSEY, GRAY, NORMENT & HOPGOOD
318 Second Street
Henderson, KY 42420
Telephone (270) 826-3965
Telefax (270) 826-6672
counsel for Nebo Water District

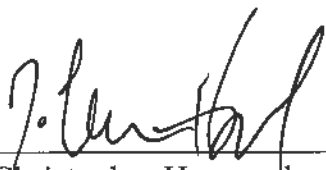
By _____



J. Christopher Hopgood
chopgood@dkgnlaw.com

CERTIFICATE OF SERVICE

I hereby certify that the foregoing electronic filing was transmitted to the Kentucky Public Service Commission for filing on January 5, 2023; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding by virtue of the Commission's Order of 2020-00085; and that no paper copies of this filing will be made.



J. Christopher Hopgood
counsel for Nebo Water District

Chris Hopgood

From: Mark Matheny <nebowater@bellsouth.net>
Sent: Friday, December 29, 2023 11:21 AM
To: Chris Hopgood

Melton, Melissa - RD, KY
From: melissa.melton@usda.gov
To: Nebo Water District, Mark Matheny
Tue, Dec 26 at 8:15 AM

FYI. . .

From: McCay, Kimberly - RD, KY <kimberly.mccay@usda.gov>
Sent: Tuesday, December 26, 2023 7:59 AM
To: Melton, Melissa - RD, KY <Melissa.Melton@usda.gov>; Pridemore, Greg - RD, KY <greg.pridemore@usda.gov>
Cc: Logan, Rhonda - RD, KY <rhonda.logan@usda.gov>
Subject: RE: TIME SENSITIVE: Nebo Water District - Water Purchase Contract Modifications - KY-PSC Electronic Filing Center Notification For Case# 2023-00418

Melissa,

Rural Development concurs in the formula change for Water Purchase Contract based on the limited information that we have at this time. Information was provided in attachment 20231222_PSC_Order.pdf (specifically pdf page 15) which references Case Number 2023-00418.

Nebo will need to calculate and adjust their rates accordingly to this new water purchase contract. Please submit the new rates to us when developed so we may review.

Thanks,

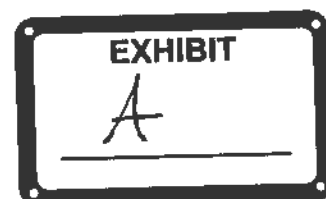
Kimberly McCay

Community Programs Director

Kentucky State Office, Rural Development

United States Department of Agriculture

771 Corporate Drive, Suite 200 | Lexington, KY 40503



Phone: 859.224.7673 | Fax: 855.661.8335 | Cell: 502.424.6262

www.rd.usda.gov

Rural Development

"Together, America Prospers"

USDA is an equal opportunity provider, employer and lender.



MEMORANDUM

TO: Kimberly McCay, Community Programs Director

FROM: Melissa A. Melton, Loan Specialist

DATE: November 9, 2023

SUBJECT: Nebo Water District – FY-23 Water System Improvements
Water Purchase Contract with the City of Madisonville

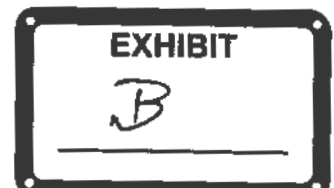
USDA RD has a requirement that the term of the water purchase contract between the Nebo Water District and the City of Madisonville must have a contract term that is good for the life of the loan (40 years). The Nebo Water District and the City of Madisonville entered into a Water Purchase Agreement on July 18, 1977, as amended by Agreements dated July 10, 1979, September 15, 1990, August 20, 2001, and November 7, 2023, which will expire on September 14, 2053. The Nebo Water District have tried numerous times over the last six plus (6+) months to get the City of Madisonville to amend the current contract to extend the term of the contract to coincide with the 40-year term of the new loan with USDA Rural Development. Upon advice of local counsel, the City of Madisonville refused to extend the term of the contract beyond twenty (20) years initially citing a term of more than twenty years would be violating Kentucky Constitution § 164. Subsequently, the local counsel refused to draft an amendment without including a provision for automatic annual price adjustments for inflation. With the assistance of outside legal advice from attorneys more versed in utility contract laws and the Public Service Commission regulations, Nebo was successful in the negotiations and secured the current Amendment dated November 7, 2023, with a term extending thirty years to September 14, 2053. The Nebo Water District will be seeking alternative sources of water to replace the water currently purchased from the City of Madisonville. Nebo Water District will also pass a reaffirming resolution at the next regular scheduled meeting of the Board of the existing Contract and all subsequent Amendments.

CFR 1780.62 (d) states in part that State Program Officials may approve contracts for shorter periods of time if the supplier and purchaser find it impossible or impractical to negotiate a contract for the maximum period under certain parameters.

Whereas, the Nebo Water District and the City of Madisonville currently have an RD approved contract scheduled to run until 2053 and cannot come to an agreement on extending the term of the contract at this time for an additional ten (10) years to match the term of the proposed RD loan, the following rationale is offered as compelling reasons to proceed with authorization to advertise for construction bids and thereafter the loan closing utilizing the current water purchase contract amendment:

Rural Development • Bowling Green Office
975 Lovers Lane, Bowling Green, KY 42103
Voice (270) 843-1111 Ext. 4 • Fax 1-855-541-8501

USDA is an Equal Opportunity Provider, Employer and Lender.



1. In accordance with CFR 1780.62 (h)(1), the existing relationship for the purchase of water by the Nebo Water District from the City of Madisonville is governed by the Kentucky Public Service Commission who has oversight of the ongoing relationship.
2. In accordance with CFR 1780.62 (h)(3), the existing contract is scheduled to run until 2053.
3. Indications are that every attempt will be made by the Nebo Water District to renegotiate a contract with the City of Madisonville when the current contract expires in 2053, but if this is not possible, Nebo Water District will have an alternate supplier in place.
4. Nebo Water District purchases all water from the City of Madisonville to serve it's customer base. For this reason, Nebo Water District will initiate discussions with a neighboring system, Webster County Water District, to negotiate an Agreement to purchase water as it's sole source. They plan to work with an engineering firm to explore the cost to make the needed upgrades to make this wholesale purchase of water possible.

It is hereby recommended that the proposed RD Loan of \$1,542,000 to the Nebo Water District be allowed to advertise for construction bids and subsequently to close without extending the current Water Purchase Contract with the City of Madisonville to run for the life of the new proposed loan.

Concurrence by: **KIMBERLY MCCAY** Digitally signed by KIMBERLY MCCAY
 _____ Date: 2023.12.26 07:27:33 -05'00'
 Kimberly McCay, Community Programs Director, Kentucky Date

Documentation to Support Waiver Request Attached:
 Letter of Request to Waive the Requirement to Extend the Term of Contract from the NWD
 Copy of NWD Tariff Approved by the Kentucky Public Service Commission
 Copy of the Water Purchase Agreement and all Amendments in Place Between NWD and the City of Madisonville



NEBO WATER DISTRICT

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1000
1000
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November 13, 2023

Kimberly McCay
Community Programs Director
Kentucky

RE: Letter of Request

I am writing to request the requirement for the 40-year term be waived between Nebo Water District and Madisonville Municipal. Nebo Water District can only obtain a 30-year term for the amended contract with Madisonville Municipal, after lengthy negotiations with attorneys.

Sincerely,

Mark Matheny
Superintendent

NEBO WATER DISTRICT

P.S.C. Ky. No. 91-352

Cancels P.S.C. Ky. No.

OF

Rates, Rules and Regulations for Furnishing

WATER SERVICE

AT

NEBO WATER DISTRICT OF HOPKINS COUNTY, KENTUCKY

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

OCT 25 1991

PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

BY: Clayton Walker
PUBLIC SERVICE COMMISSION MANAGER

Filed with PUBLIC SERVICE COMMISSION OF
KENTUCKY

ISSUED October 25, 1991

EFFECTIVE October 25, 1991

ISSUED BY Nebo Water District
(Name of Utility)

BY J. E. Ellis

CHAIRMAN

FOR Hopkins County, Kentucky
Community, Town or City

P.S.C. KY. NO. 1

4th Revised SHEET NO. 1

CANCELLING P.S.C. KY. NO. 1

3rd Revised SHEET NO. 1

NEBO WATER DISTRICT
(Name of Utility)

Minimum Water Rates Based on Size Connections

<u>Size of Water Meter Connections</u>	<u>Number of Gallons or Less Per Month to be Provided for the Minimum Rate</u>	<u>Minimum monthly Water Rate Per Connection</u>	
5/8 inch by 3/4 inch	2,000 gallons	\$23.15	[1]
1 inch	4,000 gallons	42.28	
1-1/2 inch	10,000 gallons	96.71	
2 inch	20,000 gallons	182.51	
3 inch	30,000 gallons	263.31	
4 inch	50,000 gallons	424.91	

Meter Rates for Water Usage in Addition to Minimum Charge

Subject to the minimum monthly water rate specified above, the following metered charges shall be made for water consumption per month to customers of all size connection:

<u>Number of Gallons of Water per Month</u>	<u>Monthly Charge per 1,000 Gallons</u>
First 2,000 gallons	\$23.15
Next 2,000 gallons	9.57
Next 6,000 gallons	9.07
Next 10,000 gallons	8.58
Over 20,000 gallons	8.08

DATE OF ISSUE April 16, 2019
Month / Date / Year

DATE EFFECTIVE March 31, 2019
Month / Date / Year

ISSUED BY [Signature]
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2019-00099 DATED April 16, 2019

KENTUCKY PUBLIC SERVICE COMMISSION
Gwen R. Pinson Executive Director
<u>[Signature]</u>
EFFECTIVE 3/31/2019
<small>PUBLIC SERVICE COMMISSION</small>

P.S.C. Ky. No. _____

Original _____ Sheet No. 3

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

Nebo Water District

RULES AND REGULATIONS

Turn-on Charge A Charge of \$25.00 will be charged to all customers requesting a meter turned on.

**PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE**

FEB 18 1993

**PURSUANT TO 807 KAR 5:011.
SECTION 9 (1)**

**BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER**

DATE OF ISSUE _____
Month Day Year

DATE EFFECTIVE _____
Month Day Year

ISSUED BY [Signature] , Chairman P.O. Box 147, Nebo, KY 42441
Name of Officer Title Address

NEBO WATER DISTRICT

FOR _____

P.S.C. KY. NO. _____

SHEET NO. _____

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

FORWARD & ADDRESS CORRECTION

FIRST CLASS MAIL
U.S. POSTAGE PAID

PERMIT NO. _____

ACCOUNT NO. _____

ITEM _____ PREVIOUS READING _____ CURRENT READING _____

USAGE UC MR AMOUNT

NET BILL DUE NOW _____

GROSS AMOUNT DUE AFTER DUE DATE

NET BILL DUE NOW _____

GROSS BILL DUE AFTER _____

ENTER READING
RETURN STUB WITH PAYMENT

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

FEB 18 1993

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE

ISSUED BY Nai

FOR _____
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

NEBO WATER DISTRICT
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

SCHEDULE OF SPECIAL CHARGES

1. Service Call: A charge of \$25.00 shall be made to recheck meter readings that are found to have been read correctly, checking for leaks in the customer's service lines, or other service investigation that is not caused by failure of the District's facilities. A charge of \$50.00 will be made for a customer requested investigation made after normal working hours. All maintenance and repair of facilities beyond the District's delivery point is the responsibility of the customer.
2. Meter Test: A service call charge of \$15.00 plus the actual cost of testing will be made if the tested meter is not more that 2% fast. A request for a meter test must be made in writing to the District.
3. Reconnection for Non-Payment: A fee of \$25.00 shall be charged to reconnect a meter that has been disconnected due to the customer's non-payment of due bills. If service is reconnected other than during regular working hours, the charge shall be \$50.00.
4. Bills Paid at Customer's Door: A service charge of \$15.00 shall be charged if the delinquent bill is paid at the time the utility incurs a trip to disconnect service.
5. Meter Lid Charge: A charge of "actual cost" will be made to replace more than one meter lid.
6. Moving Meter: A charge of "actual cost" will be made to move a meter pursuant to a customer's request.
7. Returned Check: A charge of \$35.00 will be made for returned checks.
8. Service Line Inspection: There will be no charge to inspect a new service line from the meter to dwelling.

DATE OF ISSUE 6-30-12
Month / Date / Year

DATE EFFECTIVE July. 1 2012
Month / Date / Year

ISSUED BY [Signature]
(Signature of Officer)

TITLE CHAIRMAN

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TAMM BRANCH
<u>[Signature]</u>
EFFECTIVE 7/1/2012

For: _____

PSC KY Number: _____

Sheet No. _____

Cancelling PSC KY Number: _____

Sheet No. _____

Nebo Water District
(Name of Utility)

Meter Connection/ Tap-on Fees

5/8 X 3/4 Inch meter

\$ 1100.00

all other meters

Actual Cost

DATE OF ISSUE _____
Month, Day, Year

DATE EFFECTIVE July 1, 2016
Month, Day, Year

ISSUED BY *[Signature]*
Signature of Official

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
Aaron D. Greenwell ACTING EXECUTIVE DIRECTOR
TARIFF BRANCH
<i>[Signature]</i>
EFFECTIVE 7/1/2016
<small>(KRS 192.006 & KRS 192.007)</small>

FOR Hopkins County Kentucky

PSC KY NO. _____

_____ SHEET NO. _____

Nebo Water District
(Name of Utility)

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

Credit /Debit Cards.

All customers may pay their bill by credit or debit card. This method of payment may be made in person at the utility office or by telephone.

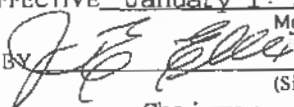
If on the bill due date an attempt to pay the credit card or debit card is made and the card is declined for any reason, payment is still due in full on that date and will be considered late after that date. All late charges and penalties will be applied. If a customer is paying on our disconnect day and the card is denied, the same rules as above apply, in addition to service being disconnected.

When a customer makes a payment by credit or debit card, the utility will assess a fee equal to that charged to the utility by the credit or debit card processing company to process the transaction. This fee is generally calculated using a formula applied to the balance of the amount charged to the credit or debit account but may be a flat fee per transaction.

Prior to processing the transaction, the customer will be informed of the fee amount and, upon request by the customer, the formula employed to arrive at this fee amount.

DATE OF ISSUE November 29 2011
Month / Date / Year

DATE EFFECTIVE January 1 2012
Month / Date / Year

ISSUED BY 
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF FRANCHISE <u>Brent Kirtley</u> EFFECTIVE 1/4/2012
REVISIONS TO THIS TARIFF FRANCHISE

P.S.C. Ky. No. _____

Original _____ Sheet No. 2

Nebo Water District _____

Cancelling P.S.C. Ky. No. 1

Original _____ Sheet No. 2

RULES AND REGULATIONS

PSC REGULATIONS: These Rules and Regulations may be revised, amended, supplemented or otherwise changed from time to time subject to approval of the Public Service Commission, and shall have the same force as the present Rules and Regulations. These Rules and Regulations are in addition to rules of the Kentucky Public Service Commission. In cases of conflict, the PSC Regulation shall prevail. These Rules and Regulations are a part of all contracts for receiving water service from the District, and applies to all service received from the District whether the service is based upon contract, agreement, signed application, or otherwise. A copy of this schedule, together with a copy of the District's Schedule of Rates and Charges, shall be kept open to inspection at the office of the District's.

APPLICATION FOR SERVICE: Each prospective customer desiring water service is required to sign the District's Water Users Agreement before service is supplied by the District. If service is desired on the same side of the road as the water main, the meter will be installed within five feet of the water main where practical. If service is desired on the opposite side of the road from the water main, the service line will be run under the road and the meter installed on private property adjacent to the highway right-of-way. A contribution in aid of construction as provided in the Schedule of Rates and Charges must be paid on all new connections to the existing water line. Applications for service connection installation will not be processed if the applicant is indebted to the District on a past due account, bad debt, or in any other fashion whatsoever. Extensions to the District's main lines shall be in accordance with 807 KAR 5:066, Section 12~~2~~.

SERVICE AREA: The District furnishes water service to all customers located at Nebo in Hopkins County, Kentucky.

AVAILABILITY: Water service is available to any domestic, commercial or industrial consumer within the District's area.

WATER FAILURE: The District is responsible for water failure only when in control of the Utility's employees. No consumer is paid damages for equipment unless such damages are specifically found to be caused by an act of negligence on the part of the Utility or its employees.

PROTECTION BY CONSUMER: Consumer shall protect the equipment of the Utility on their premises and shall not interfere with Utility's property or permit interference except by duly authorized representatives of the Utility.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 2 1992

DATE OF ISSUE _____
Month Day Year

DATE EFFECTIVE PURSUANT TO 807 KAR 5:011, SECTION 9 Day Year

ISSUED BY [Signature]
Name of Officer

Chairman
Title

BY: [Signature]
P.O. ADDRESS: _____
Address

P.S.C. Ky. No. _____

Original _____ Sheet No. _____

Nebo Water District _____

Cancelling P.S.C. Ky. No. 1

Original _____ Sheet No. 3

RULES AND REGULATIONS

NOTICE OF TROUBLE: Consumer shall give immediate notice to the Utility or any irregularities or unsatisfactory service and of any defects known to consumer.

MAINTENANCE: The Utility may at any time deemed necessary, suspend water service to any consumer or consumers for the purpose of making repairs, changes or improvements upon any part of its system. The Utility shall give reasonable notice of such suspension of service to the consumer.

The Utility shall be responsible for the maintenance of that portion of the service line installed by the Utility and the consumer shall be responsible for the maintenance of that portion thereof installed by the consumer.

LINE RELOCATIONS: When necessary to move or relocate facilities, the cost will be paid by party or parties requesting such relocation.

POINT OF DELIVERY: The point of delivery is the point where the meter is located on the customer's premises. All water lines, plumbing, and equipment beyond the meter shall be installed and maintained by the customer.

CUSTOMER'S SERVICE LINE: All service lines beyond the metering point should be installed of material consisting of copper, galvanized, or PVC pipe with rating of not less than 160 psi. The size of the service line beyond the point of delivery shall not be less than 3/4 inch; however, a larger size may be needed to provide adequate service. If the customer's point of use is at a higher elevation than the point of delivery, or is at a considerable distance from the meter, the customer should consult with a reputable engineering firm to size the service line from the point of delivery.

RIGHT OF ACCESS: The customer must agree to permit the District to lay, maintain, repair, or remove such water lines which are the property of the District's located on the customer's property with the right of ingress and egress over customer's property. The District's duly authorized representative and/or other duly authorized employee of the State Health Department bearing proper credentials and identification shall be permitted to enter upon all properties for the purpose of inspection, observation, measurement, sampling, testing, and reading meters, in accordance with the provisions of the Rules and Regulations.

INTERRUPTION OF SERVICE: The District will use reasonable diligence in supplying water service and shall make all reasonable efforts to notify affected customers in the event of a service interruption and approximate time of service restoration.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 2 1992

DATE OF ISSUE _____
Month Day Year

DATE EFFECTIVE _____
PURSUANT TO 807 KAR 5.011, Ye
SECTION 9 (1)

ISSUED BY J. E. Blinn
Name of Officer

Chairman
Title

BY: Shirley A. ... 42441
PUBLIC SERVICE COMMISSION

P.S.C. Ky. No. _____

Original _____ Sheet No. 4

Nebo Water District

Cancelling P.S.C. Ky. No. 1

Original _____ Sheet No. 4

RULES AND REGULATIONS

ADDITIONAL SERVICE VOLUMES: Each service connection has been sized to provide the volume of water indicated in the customer's application for service. Customers should be aware that significant increases in this volume may adversely affect quality of service and could damage facilities used to provide service. The customer is, therefore, obligated to inform the District of any actions that will require a significant increase in this volume and must obtain the District's approval before such actions are taken. Failure to notify the District or to obtain its approval for such action renders the customer liable for damage to District facilities that are caused by such actions.

NONSTANDARD SERVICE: Customer shall pay the cost of any special installation necessary to meet his peculiar requirements for service other than standard service connection.

DAMAGE TO DISTRICT'S WATER SYSTEM: No 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 District's water works. Any person violating this provision shall be subject to discontinuation of water service and shall pay the cost of repairing or replacing the pipe or appurtenance as may be determined by the District.

RELOCATION OF WATER FACILITIES: District may, at the request of customer, relocate or change existing District-owned equipment. Customer shall reimburse District for such changes at actual cost including appropriate overhead.

LINE EXTENSIONS: All extensions to the system's transmission or service mains required to service a private development shall be subject to a Line Extension Agreement executed between the Developer and the Water District, pursuant to 807 KAR 5:066 Section 12.

FIRE HYDRANTS: The District does not provide water for the purpose of fire fighting. The hydrants are for flushing purposes only. Although, the local fire departments have the privilege of using such hydrants.

PURCHASED WATER ADJUSTMENT CLAUSE: The District will implement upon PSC approval a purchased water adjustment designed to recover the increased costs of water purchased due to the fact that the District is not financially able to absorb the increased costs from its supplier.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 2 1992

DATE OF ISSUE

DATE EFFECTIVE

Month Day Year

PURSUANT TO 807 KAR 5.011. Yc
SECTION 9 (1)

ISSUED BY

J. E. Collins
Name of Officer

Chairman

Title

P.O. Box 147 Nebo, Ky 42441

PUBLIC SERVICE COMMISSION MANAGER

P.S.C. Ky. No. _____

Original _____ Sheet No. 5

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

Nebo Water District

RULES AND REGULATIONS

BILLING: Bills will be rendered monthly with four reading dates per month. After reading date, there will be 10 days to issue the bill. All bills shall be considered due and payable ten (10) days after the date of issue. If a bill is not paid within ten (10) days after such date of issue, such bill shall be considered delinquent, and there shall be imposed a percent (10%) of the charges. Failure to receive a bill will not release the customer from payment obligations. When a bill has been delinquent for twenty (20) days, the District shall serve a customer written notice of his delinquency. If such bill is not paid within ten (10) days after the mailing of such notice, the District may disconnect the water service of such customer without further notice. If water service is disconnected by the District, reconnection of such service shall not be made until the customer pays all charges and penalties owed, plus the amount of \$25.00 as a disconnection and reconnection charge. If any deadline date falls on a Sunday or legal holiday, such deadline shall not expire until the next business day thereafter.

DISCONTINUANCE OF SERVICE BY DISTRICT: The District may refuse to connect or may discontinue service for the violation of any of its Rules and Regulations, or for violation of any of the provisions of the Schedules of Rates and Charges, or of the customer service contract. The District may discontinue service to a customer's premises for the theft of water or the appearance of water theft devices on the premises. The District shall not be required to restore service until the customer has complied with all Rules and Regulations. All discontinuance of service is subject to ten (10) days notice unless a dangerous condition or a massive leak condition is found to exist on the customer's premises.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 2 1992

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

DATE OF ISSUE _____
Month Day Year

DATE EFFECTIVE BY Chas. Sallee
PUBLIC SERVICE COMMISSION MANAGER Ye

ISSUED BY J. S. Sallee
Name of Officer

Chairman
Title

P.O. Box 147, Nebo, Ky. 42441
Address

FOR _____

P.S.C. Ky. No. 2

Original Sheet No. 6

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

Neba Water District

RULES AND REGULATIONS

ARTICLE 30. RULES AND REGULATIONS. The following rules and regulations are hereby adopted, subject to change by the Commission at any time. These rules and regulations are intended to supplement the Bond Resolution, the ~~Water Resolutions~~ and the By-Laws.

- A. All taps and connections to the mains of the District shall be made by and/or under the direction and supervision of District personnel.
- B. Water service may be discontinued by the District for any violation of any rule, regulation, or condition of service and especially for any of the following reasons:
 1. Misrepresentation in the application or contract as to the property or fixtures to be supplied or additional use to be made of water.
 2. Failure to report to the District additions to the property or fixtures to be supplied or additional use to be made of water.
 3. Resale of water.
 4. Waste or misuse of water due to improper or imperfect service pipes and/or failure to keep in suitable state of repair.
 5. Tampering with meter, meter seal, service, or valves or permitting such tampering by others.
 6. Connection, cross-connection, or permitting the same, of any separate water supply to premises which receive water from the District.
 7. Non-payment of bills.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

_____ OCT 25 1991

DATE OF ISSUE October 25, 1991
Month Day Year

DATE EFFECTIVE October 25, 1991
Month Day Year
PURSUANT TO 807 KAR 5.01, SECTION 9 (1)

ISSUED BY J. E. Ellis
Name of Officer

BY: Glenn H. Miller
Title
PUBLIC SERVICE COMMISSION MANAGER

FOR HOPKINS COUNTY, KENTUCKY

P.S.C. Ky. No. 91-352

Original Sheet No. 7

NEBO WATER DISTRICT

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

RULES AND REGULATIONS

- C. Any customer desiring to discontinue the water service to his premises for any reason must give notice of discontinuance in writing at the business office of the District at least three (3) days prior to the date on which the customer desires to discontinue service, and the customer shall not be liable for water consumed beyond the date of discontinuance stated in such notice; if such notice in writing is not given, a customer shall remain liable for all water used and service rendered by the District until such notice is received by the District.
- D. Bills and notices relating to the conduct of the business of the District will be mailed to the customer at the address listed on the user's agreement unless a change of address has been filed in writing with the District; and the District shall not otherwise be responsible for delivery of any bill or notice nor will the customer be excused from the payment of any bill or any performance required in said notice.
- E. 1. Bills for water service are due and payable at the office of the District, or to any designated agent, on the date of issue. The past due date shall be the tenth day after the date of issue. Bills will be dated and mailed on the first day of each month.
- 2. All bills not paid on or before the past due date shall be deemed delinquent. When a bill has been delinquent for a period of twenty days, the District shall serve a customer a written final notice of said delinquency, and of the intent of the District to discontinue service ten days after the date of such notice unless such bill is paid prior to the expiration of such ten days. If a delinquent bill is not paid within ten days after date of such final notice (thirty days from the past due date), the water supply to the customer may be discontinued without further notice.
- F. Where the water supply to the customer has been discontinued for non-payment of delinquent bills, a charge of \$25.00 will be made for reconnection of water service, but the reconnection will not be made until all delinquent bills and other charges, if any, owed by the customer to the District have been paid.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

OCT 25 1991

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE October 25, 1991
Month Day Year

DATE EFFECTIVE October 25, 1991
Month Day Year

ISSUED BY [Signature]
Name of Officer

CHAIRMAN
Title

Address

FOR HOPKINS COUNTY, KENTUCKY

P.S.C. KY. NO. 2

ORIGINAL SHEET NO. 8

CANCELLING P.S.C. KY NO. _____

SHEET NO. _____

NEBO WATER DISTRICT

RULES AND REGULATIONS

- G. The district reserves the right to request that the sum of \$10 be placed on deposit for the purpose of establishing or maintaining any customer's credit. Upon the payment of such deposit, the district shall issue to such customer a certificate of deposit showing the name of the customer, the location of the initial premises occupied by the customer and the date and amount of the deposit. The district will pay to such customer interest on the deposit at the rate actually earned, but at no time will the interest exceed 6 percent.
- H. All meters shall be maintained at the expense of the district and the district reserves the right to determine the size and type of meter used.
- I. It shall be the policy of the district to test each water meter at least once every twelve months. In addition, upon written request of any customer, the meter serving such customer shall be tested by the district. Such test will be made without charge to the customer if the meter has not been tested within the 12 months preceding the requested test; otherwise a charge of \$15 plus the actual cost of the test will be made and then only if the test indicates meter accuracy within the limits of 2 percent. If a meter is inaccurate in excess of 2 percent, whether upon periodic testing or upon requested testing, additional tests shall be made at once to determine the average error of the meter, and the adjustments shall be made to the customer's water bill as follows:
1. If the result of such tests shows an average error greater than 2 percent fast, the customer's bill for the period during which the meter error is known to have existed, shall be recomputed and the account adjusted on the basis of the test. If the period during which the error existed cannot be determined, then the customer's bill shall be recomputed for one-half of the elapsed time since the last test, but in no event to exceed 12 months; provided, however, that if time for the periodic

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

OCT 25 1991

DATE OF ISSUE October 25, 1991
MONTH DATE YEAR

DATE EFFECTIVE October 25, 1991
PERSON MONTH DAY YEAR

ISSUED BY _____
NAME OF OFFICER

Chairman
TITLE

BY: Chas. H. Miller
PUBLIC SERVICE COMMISSION MEMBER

SECTION 9 (1)

FOR HOPKINS COUNTY, KENTUCKY

P.S.C. Ky. No. 91-352

Original Sheet No. 9

NEBO WATER DISTRICT

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

RULES AND REGULATIONS

test has overrun to the extent that 1/2 of the time elapsed since the last previous test exceeds 12 months, the refund shall be for the 12 months specified above, plus those months exceeding the periodic test period; provided, further, that such refund may be limited to the 12 month period if failure to make the periodic test was due to causes beyond the control of the District.

2. If the result of such tests shows an average error greater than 2% slow, the customer's bill for the period during which the meter error is known to have existed, shall be recomputed and the account adjusted on the basis of the test. If the period during which the meter error existed cannot be determined, then the customer's bill shall be recomputed for one-half (1/2) of the elapsed time since the last previous test, but in no event to exceed 12 months.

3. If the result of such tests necessitates making a refund or back billing a customer, the customer shall be notified in writing of the percentage of error, fast or slow, the date(s) of testing, and the amount of charge or credit to be shown on the next bill of the customer.

J. Where a meter has ceased to register, or meter reading could not be obtained, the quantity of water consumed will be based upon an average of the prior six months consumption and the conditions of water service prevailing during the period in which the meter failed to register.

K. The District shall make all reasonable efforts to eliminate interruption of service and when such interruptions occur will endeavor to reestablish service with the shortest possible delay. When the service is interrupted all consumers affected by such interruption will be notified in advance whenever it is possible to do so.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

OCT 25 1991

DATE OF ISSUE October 25, 1991
Month Day Year

DATE EFFECTIVE PURSUANT TO 805 KAR 6-011
Month Day Year
SECTION 9 (1)

ISSUED BY J. Ellis
Name of Officer

CHAIRMAN
Title

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

FOR HOPKINS COUNTY, KENTUCKY

P.S.C. Ky. No. 91-352

Original Sheet No. 10

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

NEBO WATER DISTRICT

RULES AND REGULATIONS

L. The District shall in no event be held responsible for any claim made against it by reason of the breaking of any mains or service pipes or by reason of any other interruption of the supply of water caused by the failure of machinery or stoppage for necessary repairs. No person shall be entitled to damages nor for any portion of a payment refunded for any interruption of service which in the opinion of the District may be deemed necessary.

M. Customers having boilers and/or pressure vessels receiving a supply of water from the District must have a check valve on the water supply line and a vacuum valve on the stream line to prevent collapse in case the water supply from the District is discontinued or interrupted for any reason, with or without notice.

N. The premises receiving a supply of water and all service lines, meters and fixtures, including any fixtures within said premises, shall at all reasonable hours be subject to inspection by the District.

O. Piping on the premises of a customer must be so installed that connections are conveniently located with respect to the District lines and mains. The customer shall provide a place for metering which is unobstructed and accessible at all times.

P. (1) An extension of the District's service line of fifty (50) feet or less shall be made without charge for a prospective customer who shall apply for and contract to use service for one (1) year or more and who provides a guarantee for such service.

(2) For each extension of the District's service line in excess of fifty (50) feet, the District shall require the customer to whose premises such extension is made to deposit with the District the total cost of the excessive footage over fifty (50) feet, based on the average estimated cost per foot of the total extension. Such deposit may be refundable to the customer in certain instances, in accordance with Title 807 KAR 2:040 Section 12(2)(b).

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DATE OF ISSUE October 25, 1991
Month Day Year

DATE EFFECTIVE October 25, 1991
Month Day Year

ISSUED BY J. Ellis
Name of Officer

CHAIRMAN
Title

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

FOR HOPKINS COUNTY, KENTUCKY

P.S.C. Ky. No. 91-352

Original Sheet No. 11

NEBO WATER DISTRICT

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

RULES AND REGULATIONS

- Q. If any loss or damage to the property of the District or any accident or other injury to persons or property is caused by or results from the negligence or wrongful action of the customer, member of his household, his agent or employee, the cost of the necessary repairs or replacements shall be paid by the customer to the District and any liability otherwise resulting shall be that of the customer.
- R. Water furnished by the District may be used for domestic consumption by the customer, member of his household, and employees only. The customer shall not sell the water to any other person.
- S. All customers shall grant or convey, or shall cause to be granted or conveyed, to the District a perpetual easement and right of way across any property owned or controlled by the customer wherever said easement or right of way is necessary for the District water facilities and lines so as to be able to furnish service to the customer.
- T. Complaints may be made to the operator of the system whose decision may be appealed to the Commission of the District within ten days; otherwise, the operator's decision will be final.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

OCT 25 1991

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: Sharon Staller
PUBLIC SERVICE COMMISSION MANAGER

DATE OF ISSUE October 25, 1991
Month Day Year

DATE EFFECTIVE October 25, 1991
Month Day Year

ISSUED BY J. E. Ellis
Name of Officer

CHAIRMAN
Title

Address

FOR Nebo Water District

P.S.C. Ky. No. _____

Sheet No. _____

Nebo Water District

Cancelling P.S.C. Ky. No. _____

Sheet No. _____

RULES AND REGULATIONS

Multiple Users on One Meter:

- A. On all new connections, a separate meter must be installed for each residence, apartment unit, mobile home, business, and each family unit residing in a duplex or other multi-unit premise.
- B. For existing customers, where two or more residences, apartment units, mobile homes, businesses, or family units residing in a duplex or other multi-unit premise are served by a single meter the water bill will be computed as follows:
 - 1. A minimum bill will be charged for each unit served, with the remainder of the water charged through the current rate schedule.
 - 2. The customer whose name the meter is in will be responsible for the bill received.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 14 1993

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: [Signature]
PUBLIC SERVICE COMMISSION CLERK

DATE OF ISSUE August 24, 1993
Month Day Year

DATE EFFECTIVE _____
Month Day Year

ISSUED BY [Signature], Chairman P.O. Box 147 Nebo Ky. 42441
Name of Officer Title Address

For: _____

PSC KY Number: _____

Sheet No. _____

Cancelling PSC KY Number: _____

Sheet No. _____

Nebo Water District

(Name of Utility)

Deposits

1. The utility requires a cash deposit to secure payment of bills, an equal amount for each class of customers, not to exceed 2/12 of the average annual bill when billed monthly, 3/12 when billed every 2 months, and 4/12 when billed every 3 months.

2. Deposit amount(s) shall be as follows:

\$ 75.00 for All Customers

3. Service will be refused or discontinued if payment of deposit is not made.

4. Deposits may be waived for a customer showing satisfactory credit or payment history with the following criteria being considered: (a) Previous history with the utility. If the customer has no previous history with the utility, statements from other utilities, banks, etc., may be presented by the customer as evidence of good credit; (b) Whether the customer has an established income or line of credit; (c) Length of time the customer has resided or been located in the area; (d) Whether the customer owns the property to be served; (e) Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit

5. Interest will accrue on all deposits at the rate prescribed by law beginning on the date of the deposit. Interest accrued will be refunded to the customer or credited to the customer's bill on an annual basis. If interest is paid or credited to the customer's bill prior to twelve (12) months from the date of deposit or the last interest payment date, the payment or credit shall be on a prorated basis.

6. Deposits will be refunded to customers:

upon termination of service.

DATE OF ISSUE _____
Month / Day / Year

DATE EFFECTIVE October 1, 2012
Month / Day / Year

ISSUED BY *[Signature]*
(Signature of Official)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIF - BRANCH
<u><i>Bent Hasting</i></u>
EFFECTIVE 10/1/2012
<small>— (Back to Back) — Page 1 of 1 —</small>

Form for filing Rate Schedules

FOR Community, Town or City
P.S.C. NO. _____
SHEET NO. _____
CANCELLING P.S.C. NO. _____
SHEET NO. _____

Nebo Water District
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

RATE
PER UNI

MONITORING OF CUSTOMER USAGE

At least once annually the Company will monitor the usage of each customer according to the following procedure:

1. The customer's annual usage for the most recent 12-month period will be compared with the annual usage for the 12 months immediately preceding that period.
2. If the annual usage for the two periods are substantially the same or if any difference is known to be attributed to unique circumstances, such as unusual weather conditions, common to all customers, no further review will be done.
3. If the annual usages differ by 50 percent or more and cannot be attributed to a readily identified common cause, the Company will compare the customer's monthly usage records for the 12-month period with the monthly usage for the same months of the preceding year.
4. If the cause for the usage deviation cannot be determined from analysis of the customer's meter reading and billing records, the Company will contact the customer by telephone or in writing to determine whether there have been changes such as different number of household members or work staff, additional or different appliances, changes in business volume, or known leaks in the customer's service line.
5. Where the deviation is not otherwise explained, the Company will test the customer's meter to determine whether it shows an average error greater than 2 percent fast or slow.
6. The Company will notify the customers of the investigation, its findings, and any refunds or backbilling in accordance with 807 KAR 5:006, Section 10(4) and (5).

In addition to the annual monitoring, the Company will immediately investigate usage deviations brought to its attention as a result of its on-going meter reading or billing processes or customer inquiry.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 11 1992

DATE OF ISSUE _____
ISSUED BY [Signature]
Name of Officer

DATE EFFECTIVE _____
TITLE Chairman SECTION 9 (1)

Issued by authority of an Order of the Public Service Commission of
Kentucky
in Case No. _____ dated _____
PUBLIC SERVICE COMMISSION MANAGER

FOR _____
P.S.C. KY. NO. _____
SHEET NO. _____
CANCELLING P.S.C. KY NO. _____
SHEET NO. _____

NEBO WATER DISTRICT _____

RULES AND REGULATIONS

Installation of Fire Hydrants

By request of customer a fire hydrant may be installed by Nebo Water District only if:

A. A professional engineer with a Kentucky registration has certified that the system can provide a minimum fire flow of 250 gallons per minute; and

B. The system supporting this flow has the capability of providing this flow for a period of not less than two (2) hours plus consumption at the maximum daily rate.

A charge of \$500.00 plus water used per test per customer, not refundable, shall be made to perform this test including engineering fees.

If test approved by engineer, the actual cost of hydrant shall be paid by customer.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 03 2000

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Stephen O. Bell

DATE OF ISSUE July 26, 2000
MONTH DATE YEAR

DATE EFFECTIVE OF THE COMMISSION
MONTH DAY YEAR

ISSUED BY [Signature]
NAME OF OFFICER

Chairman P. O. Box 147, Nebo, KY
TITLE ADDRESS

FOR _____

P.S.C. KY. NO. _____

_____ SHEET NO. _____

NEBO WATER DISTRICT

CANCELLING P.S.C. KY NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

Resolution establishing a program to protect the public water supply by controlling backflow and cross-connection. (see attached)

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DEC 30 1995

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

DATE OF ISSUE 11-27-95
MONTH DATE YEAR

DATE EFFECTIVE _____
MONTH DAY YEAR

ISSUED BY J. E. Lewis
NAME OF OFFICER

Chairman
TITLE

P. O. Box 147, Nebo, KY
ADDRESS

FOR _____
Community, Town or City

P.S.C. KY. NO. _____

SHEET NO. _____

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

Nabo Water
(Name of Utility)

RULES & REGULATIONS

FIRE DEPARTMENTS:

Any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district ("User") may withdraw water from the utility's water distribution system for the purpose of fighting fires or training firefighters at no charge on the condition that it maintains estimates of the amount of water used for fire protection and training during the calendar month and reports the amount of this water usage to the utility no later than the 15th day of the following calendar month.

Any city, county, urban-county, charter county, fire protection district, or volunteer fire protection district that withdraws water from the utility's water distribution system for fire protection or training purposes and fails to submit the required report on water usage in a timely manner shall be assessed the cost of this water.

A non-reporting user's usage shall be presumed to 0.3 percent of the utility's total water sales for the calendar month. A non-reporting user may present evidence of its actual usage to rebut the presumed usage. The utility shall consider this evidence and may adjust the presumed usage amount accordingly.

The non-reporting user shall be billed for this usage at the lowest usage block rate regardless of customer classification that the utility charges.

A non-reporting user shall also be assessed a penalty of \$ 100⁰⁰ for each failure to submit a report in a timely manner.

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY J. B. Ellis
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED 4/28/09

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
5/31/2009
PURSUANT TO 807 KAR 5 011
SECTION 9 (1)

By [Signature]
Executive Director

FOR Hopkins Co. KY

PSC KY NO. _____

_____ SHEET NO. _____

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

Nebo Water District
(Name of Utility)

Leak Adjustments

A leak adjustment will be made on any gallons over the average for the billing cycle in which the underground leak was repaired and the high bill occurred. The bill will reflect the current rate for the customers average usage and a rate of our cost plus 20% per 1000 gallons for anything over their average.

Customer's Name _____

Customer's Account # _____

Number of Gallons billed _____

Monthly Average in Gallons _____

Leak Adjustment in Gallons _____

Customer's Billed amount _____

Amount of Average bill _____

Amount for leak adjustment _____ (Cost plus 20% X Gallons)

Total amount Due _____

Amount to credit to Bill _____

Your signature attests to the fact that the leak has been repaired.

Employee's Signature

Customer's Signature

DATE OF ISSUE _____

DATE EFFECTIVE 7-1-12
Month / Date / Year

ISSUED BY [Signature]
Month / Date / Year

(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <u>[Signature]</u>
EFFECTIVE 7/1/2012



NEBO WATER DISTRICT

P.O. BOX 147
NEBO, KENTUCKY 42441
Phone (502) 249-3709
Fax (502) 249-3714

RESOLUTION ESTABLISHING A PROGRAM TO PROTECT THE PUBLIC WATER SUPPLY BY CONTROLLING BACKFLOW AND CROSS CONNECTIONS

WHEREAS, the Kentucky Natural Resources and Environmental Protection Cabinet has enacted administrative regulations which require every public water system to determine if or where cross connections exist and to eliminate them; and

WHEREAS, the Board Members of Nebo Water District, hereinafter called "Water District," realize that they have a responsibility to protect the public health by providing a safe source of drinking water, and that cross connections could affect the health and economic growth of the community;

NOW, THEREFORE, be it resolved by the Board Members of Nebo Water District:

SECTION 1. Title. This resolution shall be known and cited as the "Cross Connection Resolution."

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DEC 30 1995

SECTION 2. PURPOSE and AUTHORITY.

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: Jordan C. Noel
FOR THE PUBLIC SERVICE COMMISSION

(A) It is the purpose of this resolution to establish a program to assure that the public water supply is protected from contamination due to backflow or cross connections. The Board recognizes that contamination of the public water supply presents an imminent health hazard to the residential and non-residential

users of the public water system; the threat of significant economic loss due to disrupted water service to such residential and nonresidential water users and the potential liability to the Water District.

(B) It is the further purpose of this resolution to meet the requirements of 401 KAR 8:020 as enacted by the Kentucky Natural Resources and Environmental Protection Cabinet.

SECTION 3. Definitions.

(A) "Air Gap" means the measured vertical distance from the lowest end of a potable water outlet to the flood rim or line of the fixture or receptacle into which it discharges. The minimum required air gap shall be twice the effective opening of the potable water outlet.

(B) "Approved Backflow Assembly" means any device that may be approved by the Cabinet in lieu of proper air gap separation.

(C) "Auxiliary Water Supply" means any water supply on or available to the premises other than the Water District's public water supply. These auxiliary waters may include water from any natural source such as a well, spring, river, stream or body of water or any water or other substance of unknown or questionable quality that may present a health or system hazard to the potable public water supply.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DEC 30 1995

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

(D) "Backflow" means the reversal of the normal flow of water caused by either back pressure or back siphonage.

(E) "Back Pressure" means the flow of water or other liquids, mixtures, or substances under pressure into the distribution pipes of a potable water supply system from any source other than the original water source.

(F) "Back Siphonage" means the flow of water or other liquids, mixtures, or substances into the distribution pipes of a potable water supply system from any source other than the original water source, caused by the reduction of pressure in the potable water supply system.

(G) "Backflow Prevention Assembly" means an assembly or means designed to prevent backflow. A listing of acceptable backflow prevention assemblies and degree of hazard is available in the Kentucky State Plumbing Law, Regulations and Code.

(H) "Contamination" means an impairment of the quality of the potable water supply by any waste product, fluid, substance, compound or other material to a degree which creates an actual or potential hazard to the public health through poisoning or through the spread of disease.

(I) "Cross Connection" means any physical connection or arrangement of piping or fixtures between two otherwise separate piping systems one of which contains potable water and the other nonpotable water or substance of questionable quality, which, or because of which, backflow may occur into the potable

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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DEC 30 1995

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)
BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

water system.

(J) "Cross Connection - Controlled" means a connection between a potable water system and a nonpotable water system with an approved backflow prevention assembly properly installed and maintained so that it will continuously afford the protection commensurate with the degree of hazard.

(K) "Thermal Expansion Tank" means a device installed on the cold water supply line near a water heater to compensate for the expansion of water within a water system when such water is heated.

SECTION 4. Requirements. The Water District shall provide protection to the public water system against backflow by implementing the following requirements.

(A) "Residential" - Buildings used for habitation or occupancy shall be considered as residential buildings. No water service connection to any premises shall be installed or allowed to be installed by the Water District unless such service connection is protected by a backflow prevention assembly. Residential service connections shall be considered as low hazard applications and all such connections shall have at a minimum a dual check valve backflow preventer installed between the water meter and the residence. The Water District may require additional or alternate backflow prevention assemblies if the degree of hazard constitutes a higher level of protection for the public water system.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

(B) "Non-Residential" - No water service connection to any

DEC 30 1995

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

non-residential facility shall be installed or allowed to be installed by the Water District unless such water service connection is protected by a backflow prevention assembly. The type of protective device required shall be determined at the time of installation of the service connection and shall be commensurate with the degree of hazard at the point of such service connection. At a minimum the service connection shall be installed with a dual check valve backflow preventer. In the event activities to occur within a non-residential facility change and creates a higher degree of hazard, then the backflow prevention assembly shall be replaced with an assembly which provides acceptable protection.

(C) "Inspections" - The customer's water system shall be open for inspection at all reasonable times to authorized representatives of the Water District to determine whether cross connections or other structural or sanitary hazards exist. When such a condition becomes known, the Water District may deny or immediately discontinue service to the premises by providing a physical break in the service line until the customer has corrected the condition in conformance with the State and local statutes relating to plumbing, water supplies and the regulations adopted pursuant thereto. Water service to any premises shall be discontinued if it is found that a backflow prevention assembly has been removed, bypassed, or if an unprotected cross connection exists on the premises. Service will not be restored under any conditions or defects are corrected.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)
BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

(D) "Existing Service Connections" - All existing water service connections which do not have backflow prevention assemblies or existing water service connections which have less than the minimum required backflow prevention assemblies, shall, except for the inspection requirements, be excluded from the requirements of this resolution so long as the Water District is assured that the public water system is satisfactorily protected. Whenever the existing service connection is moved or requires more than minimum maintenance or when the Water District determines that a hazard to health exists, then a backflow prevention assembly meeting the requirements of this resolution shall be installed on such existing service connection. Periodically, the Water District shall install or require to be installed backflow prevention assemblies on existing unprotected water service connections until such time that all water service connections within the public water system are equipped with backflow prevention assemblies. Backflow prevention assemblies shall not be installed on existing service connections until after the property owner of such residential or commercial property has been informed of the actual and potential hazards that may be created as a result of such backflow assembly installation. Notices provided to such property owners shall include the following language as adopted in 815 KAR 20:120 Section 2. item (6): When cross connection control devices are properly installed, they create a closed water system. A properly sized thermal expansion tank shall be installed in the

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DEC 30 1995

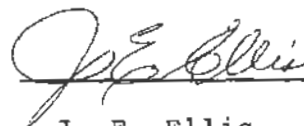
PURSUANT TO 807 KAR 5011,
SECTION 9 (1)
BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

cold water supply located as near the water heater as possible.

SECTION 5. Severability. If any provision of this resolution is deemed by a court of competent jurisdiction to be unenforceable or unconstitutional or in conflict with applicable laws of the Commonwealth, the remaining provisions of this resolution shall continue in full force and effect.

SECTION 6. Effective Date. This resolution shall take effect upon the incorporation into the bylaws and tariff of _____
Nebo _____ Water District.

Date of adoption 11-28-95



J. E. Ellis , Chairman

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

DEC 30 1995

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

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.

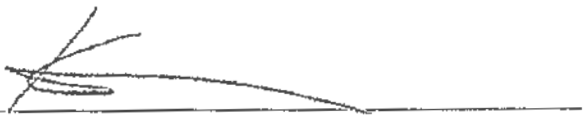
It is expressly agreed and understood that any proposed rate change must be approved by the Kentucky Public Service Commission. Any rate change approved by the Kentucky Public Service Commission shall be effective as of the same date of any rate change charged by the City of Madisonville for its class 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: Michael Shochlee
CHAIRMAN

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AMENDED AGREEMENT

THIS AMENDED AGREEMENT is made and entered into by and between the City of Madisonville, P. O. Box 705, Madisonville, Kentucky 42431; and the Nebo Water District on this 20th day of August, 2001;

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 and September 15, 1990, 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 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.

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

CITY OF MADISONVILLE

By: Karen L. Cunningham 8/16/01
Karen L. Cunningham, Mayor

Attest:

THIS AMENDED AGREEMENT, made and entered into on this the 15 day of September, 1990, by and between the CITY OF MADISONVILLE, Kentucky, hereinafter referred to as "CITY"; and the NEBO WATER DISTRICT, of Nebo, Kentucky, hereinafter referred to as "DISTRICT";

WITNESSETH:

WHEREAS, the CITY and the DISTRICT entered into an Agreement on July 18, 1977, and an Amended Agreement dated July 10, 1979, whereby the DISTRICT could purchase water under certain conditions from the CITY; and

WHEREAS, said original Agreement was for a primary term of forty (40) years; and

WHEREAS, the DISTRICT has applied for additional financing from the Farmers Home Administration for the expansion of its existing water lines; and

WHEREAS, the Farmers Home Administration requires the DISTRICT to have a water supply for forty (40) years from the date hereof; and

WHEREAS, the CITY agrees to the extension of the Agreement provided the CITY is not obligated to provide treated water beyond Hopkins County;

NOW, THEREFORE, in further consideration of the Agreement entered into between the parties on July 18, 1977, the parties further agree as follows:

1. The term of this Agreement shall be and hereby is extended for a term of forty (40) years from and after the date hereof.

2. 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. Any violation by the DISTRICT of this covenant is and shall be just cause for the immediate termination of the entire agreement between the CITY and the DISTRICT. In the event the CITY should have cause to believe that the DISTRICT has violated this agreement, the CITY shall have the right to give to the DISTRICT sixty (60) days notice of its intention to discontinue the sale of treated water hereunder. At the expiration of the sixty (60) day period, the CITY shall be excused from any further obligation hereunder.

3. The Parties, for themselves, their respective successors and assigns do hereby ratify all of the terms and conditions of the prior agreements between the Parties and they accept the performance of each Party under said agreement including but not limited to user fees charged by the CITY or paid by the DISTRICT

for treated water. Each Party does hereby agree to release the other Party from any and all claims, demands or liabilities that may result from any prior conduct on the part of that Party under the agreement in its entirety.

4. Except as modified herein, the remaining terms and conditions of the original agreement, dated July 18, 1977 and as amended by the Agreement dated July 10, 1979, shall remain in full force and affect.

WITNESS the signature of the Parties by and through their respective officials on the day and date first above written.

CITY OF MADISONVILLE

BY: William M. Cox
William M. Cox, Mayor

ATTESTED:

Shirley Mungler
City Clerk

NEBO WATER DISTRICT:

BY: J. E. Ellis
Chairman

ATTESTED:

Jessie Arnold
Secretary

AMENDED AGREEMENT

THIS AMENDED AGREEMENT, made and entered into this 10 day of July, 1979, by and between the City of Madisonville, Kentucky, hereinafter referred to as "City", and the Nebo Water District of Nebo, Kentucky, hereinafter referred to as "District".

W I T N E S S E T H:

WHEREAS, the City and the District entered into an agreement on July 18, 1977, whereby the District could purchase water under certain conditions from the City; and

WHEREAS, in said agreement of purchase the point of connection between the City system and the District system were on the west property line of General Electric; and

WHEREAS, the City of Madisonville holds an easement across the property of said General Electric; and

WHEREAS, the master meter of the District will be placed within the City's easement;

NOW THEREFORE, in further consideration of the agreement entered into between the parties on July 18, 1977, the City does grant to the District the right to occupy its easement and to place its master meter within the City's easement on the General Electric property.

WITNESS the signatures of the parties through their respective officials on the day and year first above written.

THE CITY OF MADISONVILLE

BY Charlotte E. Baldwin Mayor

ATTEST:

Wendell R. Smith Clerk

NEBO WATER DISTRICT

BY James W. Rust Chairman

ATTEST:

Shirley H. Tate Secretary

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 18 day of July, 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 18 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.

ductile
line

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 removes said restrictions, or should it become physically impossible for the seller to furnish water to the purchasers, and sellers current 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, Jr.~~
Mayor Pro-tem, James L. Gill, Jr.

ATTESTED BY:

James L. Gill, Jr.
Clerk-Treasurer
City of Madisonville, Hopkins County, Kentucky

Nebo Water District, Hopkins County, Kentucky

BY: Water Commissioners

James W. Rust Chairman
William H. Porter
William H. Porter

ATTESTED BY:

William H. Porter
Secretary

Approved By:
Farmers Home Administration

Title

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.

(1) "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.

-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. User Charge Per 1,000 Gallons \$

-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.

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.