

REASON FOR APPLICATION

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(In the space below list all reasons why the Applicant requires a rate adjustment. Describe any event or occurrence of significance that may affect the Applicant's present or future financial condition, including but not limited to excessive water line losses, regulatory changes, major repairs, planned construction, and increases in wholesale water costs.)

Madison County Utilities District (MCUD) has not had a rate increase in over 20 years. Costs are continuing to rise and most expenses assume a 5% increase per year. In 2019 MCUD had to utilize a line of credit to manage cash flow and not disturb investments. The investments are used to replace water lines and maintain infrastructure like water towers and master-meter vaults. While still financially stable, a significant break in a line or emergency repair to a water tower could have significant impact on the financial health of the company.

Additional funds from increased rates will also help fund new technology and other efforts to constantly drive down water loss. For any utility the size of MCUD, controlling water loss is the most important element for financial stability. Lastly, increased revenue will allow MCUD to hire and retain quality employees which are the most important asset of MCUD. MCUD has done an excellent job of controlling costs and managing its resources but the natural increase of costs over more than a decade require that rates move in sequence with costs.