

Reasons for Application

Montgomery County Water District No. 1 (District) is filing this application in accordance with the Public Service Commission's Final Orders dated August 30, 2022, in Case No. 2022-00242 and dated May 20, 2023 in Case No. 2023-00098. The District is requesting a 28.02 percent rate increase for all of its water customers. The rate increase will generate approximately \$108,564 in additional annual revenue from water sales.

The District has only one \$225,000 USDA/RD bond issuance which was authorized in Case No. 2023-00098. Basing the District's revenue requirement on Debt Service Coverage does not produce a working capital allowance sufficient to allow the District:

1. To pay its annual principal payments on its existing long-term debt from water revenues rather than from depreciation reserves;
2. To meet the requirements set forth in its existing debt instruments;
3. To restore the District to a sound financial condition; and
4. To enable the District to enhance its financial capacity so it can continue to operate its system in compliance with the federal Safe Drinking Water Act, as amended in 1996, and KRS Chapter 151