

REASONS FOR APPLICATION

(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.)

Lyon County Water District is requesting a 16.01 percent rate increase for its water customers, and a 108.59 percent increase to its sewer customers.. The rate increase will generate an approximate total of \$216,303 in additional annual water revenue, and \$25,544 in additional annual sewer revenue. The District requires the increase for the following reasons:

1. To restore the District to a sound financial condition; and
2. 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.