

Reasons for Application

Simpson County Water District, (Simpson District) is filing this application in accordance with the Public Service Commission's Final Order in Case No. 2021-00016 dated March 12 2021. Simpson District's revenue requirement calculation supports an increase in water rates of 5.81 percent and will generate approximately \$148,646 in additional annual revenue from water sales.

Simpson District has two long-term debt issuances outstanding. Basing Simpson District's revenue requirement on Debt Service Coverage produces a working capital allowance sufficient to allow Simpson 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 Simpson District to a sound financial condition; and
4. To enable Simpson District to enhance its financial capacity so it can continue to operate in compliance with the federal Safe Drinking Water Act, as amended in 1996, and KRS Chapter 151