

P.S.C. No. 1 – Water  
SUEZ WATER OWEGO-NICHOLS INC.  
Initial Effective Date: November 14, 2016

Statement Type: STS  
Statement No. 1

### STORM SURCHARGE (STS) STATEMENT

Applicable to all customers excluding those customers served under Service Classification No. 3.

#### 1. General Description

Purpose: The STS will be used to recover the operating expenses and the net revenue impact of capital expenditures incurred as a result of Tropical Storm Lee in September 2011.

These costs are to be net of any insurance compensation and or funds received from any other source for disaster recovery

#### 2. Computation of Storm Surcharge

The formula for the calculation of the STS is as follows:

$$STS = \frac{[(E/3) + (PTROR \times (UAB - ADIT 1))] + [(PTROR \times (NPA - AD - ADIT 2)) + DE]}{PABR}$$

Where:

STS	=	Storm surcharge
E	=	Expenses associated with storm restoration
3	=	Amortization period (three years)
PTROR	=	Pre tax rate of return 10.46%
UAB	=	Unamortized balance of storm expenses
ADIT 1	=	Accumulated deferred income taxes on unamortized balance
NPA	=	Net plant additions (net of retirements)
AD	=	Accumulated depreciation
ADIT 2	=	Accumulated deferred income taxes on net plant addition
DE	=	Depreciation expense
PABR	=	Projected annual billed revenues

The STS will be a percentage carried to two decimal places, and will be applied to the total amount billed to all metered and private fire protection customers.

Effective with this statement the surcharge is 3.36% and shall be in effect until August 15, 2016 or such time as the authorized amount is fully recovered.

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**STORM SURCHARGE STATEMENT (STS)**  
(Continued)

3. Safeguards

Audit/Reconciliation: the STS will be subject to an annual audit. Any over-collection will reduce the next year's surcharge while under-collection will add to the next year's surcharge. Within 60 days after the end of each 12-month period, the Company will file a reconciliation and, if necessary, a revised surcharge or surcredit with the Director of the Office of Electric, Gas and Water. The submitted net surcharge or surcredit will go into effect 45 days after submittal unless changed by agreement between Staff and the Company. If no agreement can be reached, the filed surcharge or surcredit will go into effect unless Staff formally requests dispute resolution. When reflected in new base rates, any remaining over or under collections will be surcharged/credited until fully recovered/passed back to customers.

Customer Notice: Customers shall be notified of changes in the STS by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.