

**DEFERRED EXCESS PER CAPITA (DEPC) ADJUSTMENT SURCHARGE STATEMENT****Applicable to all Metered Customers**

The Company has accumulated certain deferred debts on its books resulting from charges for “excess” water consumption imposed by NYCWB for per capita water use on the Company's system in excess of per capita water use in New York City. These excess water costs, which are for the period September 24, 1994 through July 31, 2008, have not been and are not presently recovered in rates, and, in particular, are not recovered in the Purchased Water Adjustment Statement (PWAS) surcharge in effect in the tariff. The Company will collect this deficiency over a three year period commencing on October 1, 2008. The surcharge to be applied to all Customer bills shall be \$0.2700 per hundred cubic feet (Ccf) and shall be subject to all revenue based taxes. The surcharge shall continue for three years or until a total **\$6,226,818\***, which includes interest calculated at the authorized Other Customer Capital Rate of 5.50%, has been recouped, at which this special charge shall expire.

**\* To be updated to include charges incurred with interest from August 2008 through the date the Commission approves the EPCA Statement for current recovery of prospective excess water charges**

Issued in compliance with the Commission Order in Case 04-W-1221 dated September 29, 2008.

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