

PSC NO: 2 – WATER
COMPANY: Fishers Island Water Works Corporation
INITIAL EFFECTIVE DATE: October 1, 2008

STATEMENT TYPE: SURC
STATEMENT NO: 1

Capital Surcharge Statement No. 1

Fishers Island Water Works Corporation (Fishers Island) is required by the Department of Health (DOH) to rehabilitate the 500 thousand gallon Chocomount storage tank. The total cost to rehabilitate the storage tank was estimated at \$50,000. The company proposes to collect funds for the purpose of making capital improvements and extraordinary/emergency repairs to the water system totaling \$450,000. In order to provide the initial funding for these capital improvements and repairs, a capital surcharge, designed to collect \$500,000 over three years, has been established. Fishers Island is authorized to charge its customers according to the following surcharge schedule. The capital surcharge will be billed monthly, in two-tier surcharge, over a three-year period, commencing on September 1, 2008.

<u>No. of customers</u>	<u>Customer(s)</u>	<u>Monthly Surcharge Amount</u>
416	Seasonal	\$ 30.05
200	Year-round	\$ 6.94

The funds collected via this capital surcharge will be deposited into a separate interest bearing account in a New York State bank and will be under the control of the water company. The account will be subject to the following conditions:

1. The water company will have access to the funds in this account solely for the purposes noted above and any taxes associated with the account.
2. Any interest earned by the account shall remain in the account to cover expenses.
3. A customer terminating service will not be entitled to a refund of payments made to the account.
4. Once the account has been established and money must be removed for appropriate purposes, the company will be permitted to bill all customers to bring the balance in the account to the approved level. The unit customer charge will be determined by dividing the difference between the maximum level and the balance in the account by the number of customers at that time. The company may not charge a unit customer charge greater than the initial funding level stated above unless approved by the Commission. Whenever the company replenishes the account, it will also collect any associated revenue taxes.
5. The company must submit copies of all bank statements and a complete accounting of the surcharge revenues and expenses for the account by January 31 of each calendar year. All information should be sent to the Secretary of the Commission's Office.

Issued By: Robert E. Wall, President, Fishers Island, NY 06390
(Name of Officer, Title, Address)