

P.S.C. No. 1 – Water  
UNITED WATER OWEGO-NICHOLS INC.  
Initial Effective Date: March 26, 2012

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:

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

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 fire protection customers.

Effective with this statement the surcharge is x.xx%

Filed in compliance with Commission Order in Case 11-W-0082, issued March 21, 2012  
Issued by: M.J. Pointing, V.P., 575 E. Main Street, Owego, NY 13827.

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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 SS 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.

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