

PSC NO: 1 - WATER

STATEMENT No. 1

COMPANY: EMERALD GREEN LAKE LOUISE MARIE WATER COMPANY, INC.

STATEMENT TYPE: RES

INITIAL EFFECTIVE DATE: 10/01/09

RATE ESCALATOR STATEMENT

Rate Escalator. Each year the base rates charged by Water Corp will increase by the same percent as the percentage increase measured by the index of Water and Sewage Maintenance Costs, Consumer Price Index - All Urban Consumers, seasonally adjusted and reported by the U.S. Department of Labor, Bureau of Labor Statistics ("Index"). The Consumer Price Index for Water and Sewage Maintenance can be found at <http://data.bls.gov/cgi-bin/srgate> and generated by entering the Series ID: CUSR0000SEHG01. Effective January 1, 2011, and on each January 1 thereafter (each, an "Adjustment Date"), the then existing base rate will be increased by the percentage calculated as follows:

$$\% \text{ Increase} = (X - Y) / Y$$

1. "X" is the monthly index reported for the month that is six months before the anniversary of the then-current rate,
2. "Y" is the monthly index reported for the month that is one year before X.

On or before September 1 of each year the Company will file with the New York State Public Service Commission the computation of the annual increase and a revised leaf with the new rates reflecting the percent increase. The Company will also notify its customers of the adjusted rate and the basis for the new base rate in the first bill being sent with the new rate.

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