

PSC NO: 2 -WATER
COMPANY: Fishers Island Water Works Corporation
INITIAL EFFECTIVE DATE: January 1, 2009

STATEMENT TYPE: SURC
STATEMENT NO: 2
(Capital Improvement Surcharge
Statement No. 1 cancelled per
Order in C. 08-W-0178 issued
December 10, 2008)

CAPITAL IMPROVEMENT SURCHARGE STATEMENT NO. 2

Fishers Island Water Works Corp. (Fishers Island) is required by the Department of Health (DOH) to make certain capital improvements to its water system. The total estimated cost to make the capital improvements is \$220,000. The improvements include: rehabilitation of the 450,000 gallon concrete storage tank, electrical upgrades and heating system replacements at the main plant and pump house, filter media replacement, chemical feeder replacements, repair sedimentation tank lining, exterior repairs to the main plant, window replacements at water plant buildings, and associated engineering work and fees.

By Commission order issued on December 10, 2008, in Case 08-W-0178, the company is authorized to establish an interest-bearing escrow account to cover the actual cost of the necessary capital improvements. The escrow account will be funded through an initial two-tier customer surcharge, billed monthly over a 12-month period, commencing January 1, 2009. Fishers Island is authorized to charge its customers according to the schedule described in the table below:

<u>No. of Customers</u>	<u>Customer Class</u>	<u>Monthly Surcharge Amount</u>
431	Seasonal	\$34.03
205	Year-round	\$17.89

The account will be subject to the following conditions:

1. The funds collected via this capital surcharge will be deposited into a separate interest bearing account in a bank, and will be under the control of the water company.
2. 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.
3. The company cannot charge its customers more than the actual cost for the capital improvements unless authorized to do so by the Commission.
4. Should the actual cost of capital improvements be greater than \$220,000 the company should be allowed, after the consultation with Staff of Department of Public Service, to collect the funds beyond the twelve-month period until it collects adequate funds to cover the cost of necessary capital improvements.
5. Should the actual cost of capital improvements be less than \$220,000, the company should refund the remaining balance and any accrued interest to the customers in a prorated basis in the same manner they were collected.
6. Any interest earned shall remain in the account to cover expenses.
7. A customer terminating service will not be entitled to a refund of payments made to the account.
8. Once the company finalizes the improvements, and they are entirely paid for, the surcharge should be eliminated and the escrow account should be closed.
9. The company must submit copies of all bank statements and a complete accounting of the surcharge revenues and expenses for the account to the Staff of the Water Rates Section by January 31, 2010.

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