

PSC NO: 2 - WATER
COMPANY: The Chaffee Water Works Company
INITIAL EFFECTIVE DATE: July 1, 2007

STATEMENT TYPE: SURC
STATEMENT NO: 1

(In Compliance with the Commission Order in Case 06-W-1160 issued and effective May 17, 2007)

DWSRLF CAPITAL IMPROVEMENT SURCHARGE

STATEMENT NO. 1

The Chaffee Water Works Company is authorized to surcharge the bills of all its customers, based on equivalent dwelling units, quarterly for a 30 year period, to repay an Environmental Facilities Corporation (EFC) loan of \$381,806 used to cover part of the costs of the replacement of its water system, estimated to cost \$626,368 which includes a grant amount of \$244,562 not subject to the surcharge.

The surcharge will be adjusted to reflect the actual costs of financing.

The company is authorized to collect a levelized surcharge over the term of the EFC loan effective on July 1, 2007. If the company experiences any under/over collections or changes in the levelized annual loan payments and associated charges required, it will file a new surcharge statement to become effective July 1 of the following year. The calculation of the surcharge for all succeeding periods is shown below:

Annual debt service funding required: \$12,727

Prior period under (over) recovery \$ _____

Total estimated funding required during the next year \$ _____

Quarterly surcharge: \$35.75

This surcharge will be adjusted or eliminated in the final years when there are sufficient funds in the EFC escrow account to pay off the balance of the loan.

Note: Any new statements the company files with the Commission will be audited by the Water Rates Staff of the New York State Department of Public Service.

Issued By: Rodney C. Franz, President, 13419 Allen Road, Chaffee, NY 14030
(Name of Officer, Title, Address)