3PSC NO: 3 WATER STATEMENT TYPE: SURC COMPANY: **RAINBOW WATER COMPANY, INC**. STATEMENT No. 3 INITIAL EFFECTIVE DATE: 10/01/05

Issued in compliance with Order dated September 26, 2005 in Case 03-W-1026.

2003 DWSRF EMERGENCY CAPITAL IMPROVEMENT SURCHARGE

STATEMENT NO. 3

Rainbow Water Company, Inc. is authorized to surcharge the bills of all of its customers, quarterly for a 20 year period, to repay an Emergency Environmental Facilities Corporation (EFC) loan used to cover the costs of the temporary pumping facilities and the replacement of its pumping station, pumping equipment and hydropneumatic tank estimated to cost about \$300,000. The initial surcharge was \$56.25 per quarter effective September 1, 2003. The surcharge was to be adjusted to reflect the actual costs of financing the necessary work net of insurance reimbursements. The total costs for the resulting financing (principle, interest and administrative fees) is \$337,442. The company is authorized to collect a levelized surcharge over the term of the EFC loan, effective October 1, 2005. If the company experiences any undercollections/overcollections or changes in the levelized annual loan payments and associated charges required, it will file a new surcharge statement to become effective January 1. The calculation of the surcharge for all succeeding periods is shown below:

Annual debt service funding required	\$16,872
Prior periods under (over) recovery	\$0
Total estimated funding required during the next year.	\$16,872
Quarterly surcharge	\$47.93

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 Water Rates Staff of the Department of Public Service.

Issued By: Joseph Maggi, President, 21 Troon Drive, Hilton Head, SC 29928 (Name of Officer, Title, Address)