

PSC NO: 1 - WATER
COMPANY: PHEASANT HILL WATER CORPORATION
INITIAL EFFECTIVE DATE: February 1, 2009

STATEMENT TYPE: SURC
STATEMENT NO: 1

(Filed in Compliance with the Order in Case 08-W-0775 issued and effective January 16, 2009)

State Drinking Water Revolving Fund Surcharge

STATEMENT NO. 1

Pheasant Hill Water Corporation is authorized to surcharge the bills of all of its customers, quarterly for about 120 quarters, to repay an Environmental Facilities Corporation (EFC) loan used to cover the costs of system improvements estimated to cost about \$690,000. The initial quarterly surcharge is estimated to be \$117.34 per quarter per service tap. There are currently 49 service taps. The surcharge will be adjusted to reflect the actual costs of improvements and financing costs related thereto. The company is authorized to collect a levelized surcharge over the term of the EFC loan, effective February 1, 2009. If the company experiences any undercollections/overcollections or changes in the required levelized annual loan payments* and associated charges required, it will file a new surcharge statement to become effective January 1 of the following year. The calculation of the surcharge for all succeeding periods is shown below:

| | |
|---|-----------|
| Annual debt service funding required | \$ 23,000 |
| Prior periods under (over) recovery | \$ 0 |
| Total estimated funding required during the next year | \$23,000 |
| Quarterly surcharge (for each service tap) | \$117.34 |

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 Department of Public Service.

*Private water companies with EFC loans from the State Revolving Fund are placed in a pool; and, if any company defaults, the EFC can increase the payments required by the other companies in the pool by up to 10%. Should the EFC increase the required payment, the company will file a statement containing the increased surcharge, on not less than three days notice, to go into effect the following quarter without further Commission action.

Issued By: Mark Rea, President, P.O. Box 43, Westtown, NY 10998
(Name of Officer, Title, Address)