

PSC NO: 2 - WATER  
COMPANY: The Chaffee Water Works Company  
INITIAL EFFECTIVE DATE: February 1, 2008

STATEMENT TYPE: SURC  
STATEMENT NO: 2

DWSRLF CAPITAL IMPROVEMENT SURCHARGE STATEMENT NO. 2

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 \$555,438 used to cover part of the costs of the replacement of its water system, estimated to cost \$800,000 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 and all surcharges will be placed in a separate interest bearing account.

The company is authorized to collect a levelized surcharge over the term of the EFC loan effective on February 1, 2008. 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 February 1 of the following year. The calculation of the surcharge for all succeeding periods is shown below:

Annual debt service funding required: \$18,515

Prior period under (over) recovery \$ \_\_\_\_\_

Total estimated funding required during the next year \$ \_\_\_\_\_

Quarterly surcharge: \$52

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.

Private water companies with EFC loans from the State Revolving Fund are placed in a pool and if any company defaults, EFC can increase the payments required by the other companies in the pool by up to 10%. Should 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.

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.

(Filed in compliance with Commission Order in Case 07-W-0928 issued January 23, 2008)

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