

P.S.C. NO. 3 - WATER  
COMPANY: RAINBOW WATER COMPANY, INC.  
INITIAL EFFECTIVE DATE: 01/01/2007

STATEMENT TYPE: CIS  
STATEMENT NO: 1

CAPITAL IMPROVEMENTS SURCHARGE  
STATEMENT NO. 1

A surcharge account is established to cover the cost of financing a \$130,000 loan for capital improvements to interconnect the distribution systems of Sunrise Ridge Water Company and Rainbow Water Company, Inc. This account will be subject to the following conditions:

1. The surcharge account will be funded commencing with the customer billing of January 1, 2007 by means of a quarterly customer surcharge of \$30.89 per customer and will end when the amount of the loan is paid in full.
2. The surcharge account will be established as a separate interest bearing account in an insured banking institution and be under the control of the company. The company will have access to the funds in this account solely for the purposes described above. Any interest earned by the account shall remain in the account.
3. The company will maintain records of the terms and amount of the loan and amounts collected through the surcharge, and deposits, withdrawals, and any other transactions related to the capital improvements. A report detailing such records for each calendar year should be submitted to the Secretary of the Commission by January 30 of each succeeding year. Included in the report will be a description of any projects funded by the surcharge.
4. Customers terminating service will not be entitled to a refund of payments made to the surcharge account.

Issued pursuant to Commission order issued December 19, 2006 in Cases 06-W-0112 and 06-W-0114.

Effective under Section 113 of PSC law in Cases 06-W-0112 and 06-W-0114.

Issued By: Joseph Maggi, President, 21 Troon Drive, Hilton Head, SC 29926  
(Name of Officer, Title, Address)