

PSC NO: 3 WATER STATEMENT TYPE: SURC
 COMPANY: RAINBOW WATER COMPANY, INC. STATEMENT No. 4
 INITIAL EFFECTIVE DATE: 01/01/2007

2003 DWSRF EMERGENCY CAPITAL IMPROVEMENT SURCHARGE

STATEMENT NO. 4

Rainbow Water Company, Inc. is authorized to surcharge the bills of all of its customers, quarterly through July 2023, to repay a portion of 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 hydro pneumatic tank. The total costs for the resulting financing (principal, interest and administrative fees) is \$337,442. The company is authorized to collect a levelized surcharge over the term of the EFC loan, effective January 1, 2007. 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 of the following year. The calculation of the surcharge for all succeeding periods is shown below:

Total annual debt service funding required	\$16,872
Prior periods under (over) recovery	\$0
Rainbow portion of annual debt service	\$10,310
Quarterly surcharge	\$29.30

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

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