

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on October 16, 2024

COMMISSIONERS PRESENT:

Rory M. Christian, Chair  
James S. Alesi  
David J. Valesky  
John B. Maggiore  
Uchenna S. Bright  
Denise M. Sheehan  
Radina R. Valova

CASE 24-W-0146 - Petition of Fishers Island Water Works  
Corporation to Establish a Surcharge to Recover  
Cost of Line Upgrade Off of The Gloaming.

ORDER DENYING PETITION AND DIRECTING RECOVERY OF IMPROVEMENT  
COSTS THROUGH SYSTEM IMPROVEMENT CHARGE

(Issued and Effective October 17, 2024)

BY THE COMMISSION:

INTRODUCTION

On March 4, 2024, Fishers Island Water Works Corporation (FIWW or the Company) filed a petition seeking Commission authorization to recover from six customers \$105,798 over 10 years for a water main extension project (Petition). By this Order, the Commission denies the Company's request to recover the project costs from only the specified six customers and directs FIWW to recover the costs associated with the water main extension from all its ratepayers through the Company's System Improvement Charge (SIC). The Commission waives the newspaper publication requirements under Public Service Law (PSL) §89-c(10) and 16 NYCRR §720-8.1 and directs FIWW to notify by mail all its customers of the Commission's decision. The

Commission also directs FIWW to file a report with the Secretary to the Commission within nine months of issuance of this Order as to whether the Company has any other customers taking service through shared service lines and, if applicable, a proposed plan for Commission consideration to address such service lines that require replacement.

#### BACKGROUND

FIWW is a privately owned water utility, providing service to approximately 645 metered customers on Fishers Island, located at the east end of Long Island Sound, and is part of the Town of Southold, Suffolk County.<sup>1</sup> Four hundred ninety-eight customers (approximately 77 percent) are seasonal, with the majority of their water usage occurring in the months of June through September. FIWW primarily uses two groundwater wells for its water source, with a back-up surface water source used primarily during summer peak demand.

#### Rate History

The Commission, in its 2018 Rate Order, authorized the Company's current rates that were designed to generate a base delivery revenue increase of \$277,400 or 43.4 percent.<sup>2</sup> The Commission directed uniform increases of 40.6 percent to the minimum service charges and volumetric rates. FIWW has three service classifications (SC). SC 1 is applicable to residential and commercial customers with year-round water service, SC 2 is

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<sup>1</sup> The Company's tariff schedule provides that all residential and commercial customers receive metered water service. The petition states that the Company provides service to 645 metered customers, implying that all customers are metered. This does not include the 141 fire hydrant service accounts that the Company bills for quarterly at a flat rate.

<sup>2</sup> Case 17-W-0472, Fishers Island Water Works Corporation - Rates, Order Authorizing Rate Increase (issued June 15, 2018) (2018 Rate Order).

applicable to seasonal customers, and SC 3 is for fire hydrant service. The SC 1 and SC 2 customers are charged monthly a minimum charge and a volumetric rate. The minimum charge includes a water allowance that is based on meter size, which ranges from a 5/8-inch to a 6-inch meter. The Company bills SC 1 customers a minimum charge that ranges from \$38.50 to \$1,924.80, based on meter size, for water allowances ranging from 3,000 gallons to 150,000 gallons per month. The SC 1 volumetric rate is \$12.80 per thousand gallons above the minimum charge allowance. The Company bills SC 2 customers a minimum customer charge that ranges from \$49.40 to \$2,472.30, based on meter size, for water allowances ranging from 3,000 gallons to 150,000 gallons per month. The SC 2 volumetric rate is \$16.50 per thousand gallons. FIWW bills SC 3 accounts a flat fee of \$426.90 on a quarterly basis.

By order issued February 8, 2019, the Commission authorized FIWW to enter into a long-term loan agreement for up to \$980,000 to be used primarily to fund its groundwater treatment plant capital improvements and customer meter replacements.<sup>3</sup> In addition, in the 2019 Order, the Commission directed the establishment of a SIC mechanism and statement, whereby FIWW would recover the cost of capital improvements (i.e., depreciation expense and return on investment) via a surcharge. The surcharge would continue until such time the Commission approves a base rate change for FIWW, at which point such capital improvement costs would be incorporated into rate base for recovery through base delivery rates, and the surcharge would cease.

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<sup>3</sup> Case 18-W-0566, Fishers Island Water Works Corporation - Financing, Order Authorizing Issuance of Securities (issued February 8, 2019) (2019 Order).

Petition

According to FIWW, six long-standing customers on The Gloaming Extension roadway are receiving water service through a shared service line. The Company states that the shared service line was installed more than 100 years ago to provide service to a single property that was later subdivided. Upon the property's subdivision, the existing black-iron service line was tapped to serve the new homes. According to FIWW, it attempted to repair a water main section of the same pipe material within its right-of-way, but due to the water main's condition, additional ruptures occurred each time the Company restored water pressure. The Company, therefore, replaced the entire section within its right-of-way with a new 120-foot water main. The Company did not replace the shared service line, which is located on private property, because the Company does not have any easement rights. The Company also reports that it notified the six customers of the need for replacement of the service line. The notification explained that the service line needed to be replaced, inquired as to whether the customers knew if an easement had been granted to the Company for the service line, and offered the option of the Company taking permanent responsibility for the service line. If FIWW took responsibility of the service line, the Company stated the line would become a public water main and the needed upgrades to the pipe would be paid for by the six customers. The Company claims that the six customers did not respond to the notification.

The Company now proposes to discontinue the use of the shared service line and install a new main that would extend onto The Gloaming Extension roadway to serve the six customers. Specifically, FIWW proposes to install approximately 400 linear feet of six-inch polyvinyl chloride main and the necessary valves, blow-offs, FIWW-owned service lines, and appurtenances

(Gloaming Main Project or Project) that would connect to new customer-owned service lines. Each customer, at their expense, would be responsible for installing their own service line to connect to the new main extension. According to the Petition, the Company has approval from the Suffolk County Department of Health for the Project and received project bids from vendors. Including the preliminary mapping and design work, the Company estimates that the Gloaming Main Project will cost approximately \$105,798.<sup>4</sup>

The Petition states that the Project will solely benefit the six customers on The Gloaming Extension roadway and, therefore, the Company proposes to recover the costs solely from those six customers. The Company proposes to collect the Project costs over a 10-year period via a temporary annual surcharge of \$1,763.30, with an estimated total cost of \$17,633 per customer. Finally, the Company requests waiver of newspaper publication requirements, citing its intention to provide notification of the surcharge to the impacted customers.

#### PUBLIC NOTICES AND COMMENTS

Pursuant to the State Administrative Procedure Act (SAPA) §202(1), a Notice of Proposed Rulemaking (Notice) was published in the State Register on April 24, 2024 [SAPA No. 24-W-0146SP1]. The time for submission of comments pursuant to the Notice expired on June 24, 2024. The Company filed a copy of its customer notice on June 13, 2024, which was provided directly to the impacted customers, informing them of the

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<sup>4</sup> The Company provided a break-down of the individual costs of the Project's components in the response to Information Request (IR) DPS-1, received on July 25, 2024, included as Appendix A to this Order. This information supplemented Exhibit C to the petition and results in the total forecasted cost of \$105,798, as reflected in the petition.

petition and the proposed surcharge. Ten comments were received, nine of which generally oppose the proposed surcharge and request that the Commission require that the Company be responsible for the costs associated with the Project.<sup>5</sup> These comments also explain that The Gloaming has received service from the Company for nearly a century, with some residents having been customers for many years on a property that has been in their respective families for over 70 years. Commenters also assert that the Company has been aware of the issues and condition of the shared service line without taking corrective action, citing repairs and work on the line approximately 15 years ago. In one comment, the customer states that they own the road in question and would grant any necessary permissions or easements for the Company to perform the necessary work. Another commenter questioned the accuracy of information contained in the Company's annual reports, filed with the Commission, specifically regarding the number of reported mains.

On June 25, 2024, after the SAPA comment period ended, FIWW filed an updated letter responding to the issues raised by the customers' comments. Generally, the Company's response explains the nature and necessity of the Gloaming Main Project, the Company's reasoning for the proposed surcharge mechanism, and history regarding The Gloaming Extension and the Company's efforts to address the Project.

#### LEGAL AUTHORITY

Pursuant to PSL §89-b, the Commission must ensure that charges for water utility service are just and reasonable.

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<sup>5</sup> One customer filed comments prior to publication of the Notice and another customer filed after expiration of the comment period. Since these comments tend to improve the record before the Commission, they are all accepted, discussed, and addressed herein.

Public Service Law §89-c provides that the Commission has general oversight over the rates, charges, rules, and regulations of water corporations and the management of tariff schedules.

DISCUSSION AND CONCLUSION

As stated in its Petition, the Company asserts that the six affected customers on The Gloaming Extension roadway must be held solely responsible for the costs to install a new main and remedy the service conditions and manner of service, as taking service through a service line installed some 100 years ago, according to FIWW, violates the Company's tariff. The Commission rejects FIWW's characterization. FIWW knew, or should have known, of this improper service condition, and the Company has the responsibility to ensure that it, as well as the customers, adheres to the provisions of its tariff. Moreover, these are long-standing customers of the Company and through rates they have supported the capital costs incurred by the Company to serve themselves and their fellow customers. Further, there had been no increased demand to necessitate the Project, rather, the Project is needed for the sole purpose of replacing infrastructure that is beyond its useful life. Therefore, it is inequitable and improper not to allow these six customers the same treatment. In addition, there is no evidence to show that the Company would cease to provide service to these premises in the future that would necessitate the need for special recovery of infrastructure investments. As discussed below, we reject the request to collect \$17,633 from each of the six affected customers and FIWW is directed to recover the capital and operations and maintenance costs for the Project through the SIC from all ratepayers.

Proposed Capital Investments

As previously discussed, the Company proposes to replace the shared service line with approximately 400 linear feet of six-inch polyvinyl chloride main and the necessary valves, blow-offs, FIWW-owned service lines, and appurtenances. The Company estimates the Project costs to be approximately \$105,798. These costs include labor, materials, mapping, engineering, and design work. Based on our review, the estimated costs appear to be reasonable. Due to the age and condition of the existing shared service line, the high risk of failure of the shared service line, and that the installation of a new main to serve these customers was approved by the Suffolk County Department of Health, the Commission finds the Project to be necessary and reasonable. Therefore, we authorize funding for the Company's Gloaming Main Project, subject to the cost recovery provisions of this Order.

Cost Recovery

The Commission directs FIWW to recover up to \$105,798 for the costs of the Project through FIWW's existing SIC that shall be billed to all of the Company's ratepayers. Recovery of the Project cost through the SIC mechanism is appropriate as it allows the Company to begin receiving recovery of costs actually incurred prior to FIWW's filing of new rates. However, the Company is allowed to only recover up to \$105,798 through the SIC and only after the Project is placed in service, subject to Department of Public Service staff (Staff) review. If the Project is completed at the forecasted cost, the surcharge rate for the Project would be approximately 1.23 percent. While the cost of the Project is to be recovered from all of the Company's ratepayers, the six customers are responsible for the cost of obtaining and installing the portion of the service line on the side of the underground curb stop that is connected to each

customer's home.<sup>6</sup> To facilitate this change, FIWW is directed to file a revised SIC statement and supporting information as follows: 1) within 60 days after the Project is completed and all associated plant is in service, FIWW shall make a compliance filing with the Secretary to the Commission; 2) the compliance filing shall include a draft SIC statement and supporting documentation for the final Gloaming Main Project cost; 3) the draft SIC statement shall include revisions shown in Appendix B of this Order that updates the terms of the statement based on this Order, the Project name and cost to be recovered through the surcharge up to the maximum amount of \$105,798, and the proposed surcharge rate; 4) the supporting documentation shall include the final cost of the project, the ultimate in-service date, an illustration of the calculation of the surcharge rate, and invoices and other supporting information for the actual expenses incurred. Staff shall have up to 60 days to review the filing. After the review of the compliance filing by Staff, FIWW shall then file System Improvement Charge Statement No. 4 to make effective the surcharge rate, on not less than one days' notice.

The Commission waives the requirements of 16 NYCRR §720-8.1 and PSL §89-c(10) regarding newspaper publication of the statement, provided FIWW notifies its customers by mail or bill insert informing them of the Commission's decision in this proceeding no later than November 30, 2024, and files a copy of this notification with the Secretary to the Commission no later than December 13, 2024.

Regarding the public comment filed questioning the accuracy of the reported main information contained in the Company's annual reports, the Commission is aware that FIWW is

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<sup>6</sup> FIWW tariff, PSC No. 2 - Water, Leaf 5, General Rule 7(H).

updating its records regarding mains and services as part of its various capital improvement projects. Therefore, the Commission continues to support FIWW's effort to present its most updated information in its annual reports.

Finally, we are concerned that there may be other similar improper shared service situations in FIWW's service territory. Therefore, to allow the Commission to have a better understanding of the extent of this issue within FIWW service area, the Company is directed to make a filing with the Secretary to the Commission within nine months of the issuance of this Order, indicating whether any other service situation exists where the Company provides service to customers through shared service lines, the location(s) of such service(s), the number of affected customers, and a proposed plan for Commission consideration to address shared service line(s) that require replacement.

The Commission orders:

1. As discussed in the body of this Order, within 60 days after completion of the Gloaming Main Project, Fishers Island Water Works Corporation shall make a compliance filing with the Secretary to the Commission including supporting documentation for the final project cost and proposed surcharge. After the review of the compliance filing by Department of Public Service staff, Fishers Island Water Works Corporation shall then file System Improvement Charge Statement No. 4, including those revisions shown in Appendix B to this Order, making effective the surcharge rate, on not less than one days' notice.

2. The requirements of Public Service Law §89-c(10) and Title 16 of the New York Codes, Rules and Regulations §720-

8.1 regarding newspaper publication of the statement directed in Ordering Clauses 1 are waived.

3. Fishers Island Water Works Corporation is directed to provide direct notification to customers, by mail or bill insert, informing them of the Commission's decision in this proceeding no later than November 30, 2024, and shall file a copy of said notification with the Secretary to the Commission no later than December 13, 2024.

4. As described in the body of this Order, Fishers Island Water Works Corporation shall submit to the Secretary to the Commission, within nine months of the issuance of this Order, a report indicating whether any other service situation exist where the Company provides service to customers through shared service lines, the location(s) of such service, the number of affected customers, and a proposed plan for Commission consideration on how to address the shared service line(s) that require replacement.

5. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, must include a justification for the extension, and must be filed at least three days prior to the affected deadline.

6. This proceeding is closed pending compliance with Ordering Clause Nos. 1, 3, and 4.

By the Commission,

(SIGNED)

MICHELLE L. PHILLIPS  
Secretary

**Fishers Island Water Works Corporation**  
**CASE 24-W-0146**  
Staff of the Department of Public Service  
Interrogatory/Document Request

**Request No.:** DPS-1  
**Requested By:** Office of Rates & Tariffs  
**Date of Request:** July 25, 2024  
**Response Due Date:** August 5, 2024

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In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel, or other computer spreadsheet models in original electronic format with all formula intact and unlocked.

1. The petition states that the estimated cost of the main installation project is \$105,798, however, the estimates provided only support a cost of \$91,903. Explain the discrepancy in estimated costs and provide any further bids, assumptions, or calculations used to reach the estimated cost of \$105,798.

**RESPONSE:**

The remaining \$13,895 constitutes engineering costs. Supporting invoices are attached.

2. What is the anticipated in-service date for the new main?

**RESPONSE:**

Once Commission approval and funding is secured, the project would take approximately 3 months to be placed in service.

Fishers Island Water Works  
24-W-0146  
Gloaming Petition

Engineering Costs

Vendor	Invoice Date	Invoice #	Total Bill	Gloaming Charges
JR Holzmacher	11/5/2021	Fishl 21-02-02	5,273.75	5,273.75
CHA Consulting	2/7/2022	748891	2,107.59	2,107.59
JR Holzmacher	2/21/2022	Fishl 21-02-03	1,542.00	1,002.00
CHA Consulting	3/10/2022	748892	917.46	917.46
CHA Consulting	6/3/2022	748893	853.62	853.62
JR Holzmacher	6/10/2022	Fishl 21-02-03	3,898.50	3,741.00
				<hr/> 13,895.42

**Invoice**

**CHA Consulting, Inc.**  
**PO Box 845746**  
**Boston, Ma 02284-5746**  
**Worksource - 845746**  
**Phone: (518) 453-4500**

February 7, 2022  
 Project No: 074889.000  
 Invoice No: 748891

Fishers Island Utility Company  
 Attn: JC Finan  
 161 Oriental Avenue  
 PO Box 604  
 Fishers Island, NY 06390

Project 074889.000 FI: Easement Map for New Water Main

Email invoices to: jcfinan@fiuc.net

Professional services provided: Mapping of The Gloaming for water main installation.

Professional Services from January 1, 2022 to February 4, 2022

Phase 0001000 Base Mapping -----

<b>Fee</b>					
Total Fee	3,825.00				
Percent Complete	55.1004	Total Earned	2,107.59		
		Previous Fee Billing	0.00		
		Current Fee Billing	2,107.59		
		<b>Total Fee</b>		<b>2,107.59</b>	
				<b>Total this Phase</b>	<b>\$2,107.59</b>
				<b>Total this Invoice</b>	<b>\$2,107.59</b>

**Billings to Date**

	Current	Prior	Total	Received	AR Balance
Fee	2,107.59	0.00	2,107.59		
<b>Totals</b>	<b>2,107.59</b>	<b>0.00</b>	<b>2,107.59</b>	<b>0.00</b>	<b>2,107.59</b>

Authorized By: 

Date: 02-08-2022

Richard H Strouse, PE, LS

**Invoice**

**CHA Consulting, Inc.**

**PO Box 845746**

**Boston, Ma 02284-5746  
Worksource - 845746  
Phone: (518) 453-4500**

March 10, 2022  
Project No: 074889.000  
Invoice No: 748892

Fishers Island Utility Company

Attn: JC Finan  
161 Oriental Avenue  
PO Box 804  
Fishers Island, NY 06390

Project 074889.000 FI: Easement Map for New Water Main

Email invoices to: jcfinan@fiuc.net

**Professional Services from February 5, 2022 to March 4, 2022**

Phase	0001000	Base Mapping		
Fee				
Total Fee		3,825.00		
Percent Complete		77.8831	Total Earned	2,971.38
			Previous Fee Billing	2,107.59
			Current Fee Billing	863.79
		<b>Total Fee</b>		<b>863.79</b>
			<b>Total this Phase</b>	<b>\$863.79</b>

Phase	0009000	Expenses		
<b>Reimbursable Expenses</b>				
Direct Miscellaneous-Reimbursables			1.0 times	53.67
		<b>Total Reimbursables</b>		<b>53.67</b>
			<b>Total this Phase</b>	<b>\$53.67</b>
			<b>Total this Invoice</b>	<b>\$917.46</b>

<b>Billings to Date</b>						
		<b>Current</b>	<b>Prior</b>	<b>Total</b>	<b>Received</b>	<b>AR Balance</b>
Fee		863.79	2,107.59	2,971.38		
Expense		53.67	0.00	53.67		
<b>Totals</b>		<b>917.46</b>	<b>2,107.59</b>	<b>3,025.05</b>	<b>2,107.59</b>	<b>917.46</b>

Authorized By: \_\_\_\_\_ Date: \_\_\_\_\_  
Peter Parent, PE



**Invoice**

CHA Consulting, Inc.  
PO Box 845746  
Boston, Ma 02284-5746  
Worksource - 845746  
Phone: (518) 453-4500

June 3, 2022  
Project No: 074889.000  
Invoice No: 748893

Fishers Island Water Works  
Attn: JC Finan  
161 Oriental Avenue  
PO Box 804  
Fishers Island, NY 06390

Project 074889.000 FI: Easement Map for New Water Main  
Email invoices to: jcfinan@fiuc.net  
Professional services provided: Additional work in February preparing mapping for water main on The Gloaming.  
Professional Services from May 28, 2022 to July 1, 2022

Phase	0001000	Base Mapping			
<b>Fee</b>					
Total Fee		3,825.00			
Percent Complete	100.00	Total Earned	3,825.00		
		Previous Fee Billing	2,971.38		
		Current Fee Billing	853.62		
		<b>Total Fee</b>		<b>853.62</b>	
			<b>Total this Phase</b>	<b>\$853.62</b>	
			<b>Total this Invoice</b>	<b>\$853.62</b>	

**Outstanding Invoices**

Number	Date	Balance			
748892	3/10/2022	917.46	<i>pd 6/7/22</i>		
<b>Total</b>		<b>917.46</b>	<b>Total Now Due</b>	<b>\$1,771.08</b>	

**Billings to Date**

	Current	Prior	Total	Received	AR Balance
Fee	853.62	2,971.38	3,825.00		
Expense	0.00	53.67	53.67		
<b>Totals</b>	<b>853.62</b>	<b>3,025.05</b>	<b>3,878.67</b>	<b>2,107.59</b>	<b>1,771.08</b>

Authorized By:  Date: 6/3/22

Peter Parent, PE





**J R Holzmacher, P.E. LLC**  
3555 Veterans Memorial Hwy  
Suite A  
Ronkonkoma, NY 11779  
631-234-2220

*FIWK*  
**Fisher Island Utility Corp**  
Chris Finan  
161 Oriental Avenue  
Drawer E  
Fisher Islands, NY 06390

Invoice number      FishI 21-02-03  
Date                      02/21/2022

Project      FISHI 21-02 MONTAUK AVE. WATER  
                    MAIN

For Professional Engineering services rendered during efforts to design, permit, construct and make operational Replacement Water Mains at Montauk Avenue and Hedge Street, in accordance with the proposal dated March 23, 2021.

Services this period under Task 1 included:

J. Robert Holzmacher  
Call from Chris Finan regarding new water main sites, replacement of AC pipe and shared service lines; HDPE option; iterative map and plan development approach. Email from and to Chris F.; AJZ discussions on pipe materials options and blow off details. Email from and to Chad regarding adding pipe replacement on the east end, prior breakage and freeze history; SKC email with cost quote for HDPE pipe, forward to Chris and Chad. review of Gloaming water main replacement and service line email from AJZ to Chris Finan.

Paul D. Carroll  
Added 400 feet of new 6" water main with new house services north from The Gloaming.

Anthony J. Zalak  
Email discussions with Chris F., Chad M. and Bob H. regarding additional water main at end of The Gloaming in to private property. Discussions with Dick Strouse regarding him preparing parcel mapping to generate easement. Provide design assistance to Paul C. for laying out additional water main in what will be an easement area on private property at the end of The Gloaming to replace an old 1 inch water service.

Billing Period: November 1, 2021 through January 31, 2022

**Task 1- Water Main Design Drawings and Applications**

Professional Fees

	Hours	Rate	Billed Amount
Principal			
James R. Holzmacher	2.40	225.00	540.00
Sr. Designer			
Paul D. Carroll	4.00	129.00	516.00
Project Manager			
Anthony J. Zalak	3.00	162.00	486.00
Phase subtotal			1,542.00
Invoice total			1,542.00



**J R Holzmacher, P.E. LLC**  
3555 Veterans Memorial Hwy  
Suite A  
Ronkonkoma, NY 11779  
631-234-2220

Fisher Island Utility Corp  
Chris Finan  
161 Oriental Avenue  
Drawer E  
Fisher Islands, NY 06390

Invoice number      FishI 21-02-03  
Date                    06/10/2022  
  
Project      FISHI 21-02 MONTAUK AVE. WATER  
                 MAIN

For Professional Engineering services rendered during efforts to design, permit, construct and make operational Replacement Water Mains at Montauk Avenue and Hedge Street, in accordance with the proposal dated March 23, 2021.

Services this period under Task 1 included;

J. Robert Holzmacher

AJZ discussions on backfilling and saddle taps. Call from Josh Mednick regarding clearance to old AC pipe and intention to abandon in place for Montauk project, service line details; discussion on WIIA loan application and need for Brock Rogers to review with SCDHS not able to make plans approval.

Paul D. Carroll

Calculated and added estimated project costs and project description to New York State Department of Health form DOH-348. Incorporated survey performed by CHA into design drawings. Created plan for proposed water main easement along private drive off the end of The Gloaming and revised plans per internal review comments. Submittal of application and drawings to S.C.D.H.S.

Billing Period: February 1, 2022 through May 31, 2022

**Task 1- Water Main Design Drawings and Applications**

Professional Fees

	Hours	Rate	Billed Amount
Principal			
James R. Holzmacher	0.70	225.00	157.50
Sr. Designer			
Paul D. Carroll	29.00	129.00	3,741.00
Phase subtotal			3,898.50
Invoice total			3,898.50

PSC No. 2 – Water  
Company: Fishers Island Water Works Corporation  
Initial Effective Date:

Statement Type: SIC  
Statement No.: 4

**SYSTEM IMPROVEMENT CHARGE (SIC)**

The SIC mechanism will apply to costs associated with the construction of specific reviewed and approved system improvement projects, allowing recovery of carrying costs (i.e., return and depreciation expense) on those system improvement projects that are placed in service. The use of the SIC mechanism is approved for the following projects:

- New ground water filtration system - \$584,942
- Installation of Aqua Guard® Preventative Well Maintenance System on the Church Well - \$12,624
- Replacement of customer meters and installation of remote meter reading system - \$170,982
- The Gloaming Main Project - \$105,798

The formula for the calculation of the SIC surcharge for projects approved under Case 18-W-0566 is as follows:

$$\text{SIC surcharge} = (\text{NRB} \times \text{Pre-tax ROR} + \text{D}) / \text{GF} / \text{AR}$$

Where:

- NRB = the cost of the specific approved facilities listed above, net of associated (1) retirements, including cost of removal and any related tax benefits, (2) ADIT and (3) accumulated depreciation reserve
- Pre-tax ROR = current pre-tax rate of return at 8.36%
- D = the annual depreciation expense on the net additions
- GF = revenue requirement gross up factor of 99.76% (2018 Rate Order)
- AR = Fishers Island’s projected annual metered revenues

Effective with this statement, the SIC surcharge is **x.xx%**

Issued by: J. Christopher Finan, President, 161 Oriental Ave. Fishers Island, NY 06390

PSC No. 2 – Water  
Company: Fishers Island Water Works Corporation  
Initial Effective Date:

Statement Type: SIC  
Statement No.: 4

## GENERAL INFORMATION

### System Improvement Charge

When the Company has incurred actual expenditures for projects listed above and the new facilities have been placed in service, then the amount of those expenditures (net of the associated (1) retirements, including cost of removal and any related tax benefits, (2) accumulated deferred income taxes (“ADIT”), and (3) accumulated depreciation reserve, i.e., the net rate base [“NRB”]) will constitute the incremental rate base investment subject to the SIC.

The SIC filing will be made within 60 days after the project has been placed into service. The Company will provide Staff with detailed project information regarding the SIC (such as in-service dates, actual expenditures incurred, retirements, etc.) and a draft updated statement. Staff will have 60 days to review the filing. Upon review the Company is authorized to file an updated statement showing the approved surcharge. The statement will be filed to become effective on not less than one day’s notice.

Issued by: J. Christopher Finan, President, 161 Oriental Ave. Fishers Island, NY 06390