

The fixed costs of eligible infrastructure system improvement projects will consist of principal and interest payments and property taxes calculated as follows:

Principal and Interest: The principal and interest expense will be based on the annual principal and interest associated with the Bonds sold on or before April 4, 2019 to pay for the QCPAC qualified projects that were completed and used and useful by December 31, 2018. The Bond Principal and interest of the Bonds will be multiplied by 1.1 to determine this portion of the QCPAC surcharge. The debt service revenues collected via the QCPAC surcharge shall be divided into two revenue streams with the revenues associated with 1.0 times the QCPAC principal and interest being part of the Company's Debt Service Revenue Requirement ("DSRR") and the revenues associated with 0.1 times the QCPAC principal and interest being part of the Company's 0.1 Debt Service Revenue Requirement ("0.1 DSRR").

Property Taxes: Incremental property taxes associated with the specific capital projects, as determined in the year of the granting of the QCPAC for such projects. The property tax expense will reflect an estimate of the tax expense for such projects based on the tax rate then in effect at the end of the year the QCP was used and useful times the final audited cost of the eligible QCP's.

QCPAC Surcharge Amount: The charge will be expressed as a percentage carried to two decimal places and will be applied to the effective portion of the total amount billed to each customer under the Company's otherwise applicable rates and charges.

The QCPAC Surcharge Amount approved by the Commission will be recouped back to the effective date of this tariff. The recoupment will be calculated based on actual charges incurred between the effective date of this tariff and the issued date of this tariff and shall be collected as a lump sum on the first bill rendered after the issuance date of this tariff.

Issued: November 10, 2019
Effective: April 4, 2019

Issued by: 
Name: Donald L. Ware
Title: Chief Operating Officer

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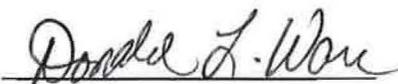
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Issued: November ~~29, 2018~~ 10, 2019
Effective: April ~~5, 2018~~ 4, 2019

Issued by: 
Name: Donald L. Ware
Title: Chief Operating Officer