

PSC NO: 3 - WATER
COMPANY: Birch Hill Water Supply Corp.
INITIAL EFFECTIVE DATE: 01/01/08

STATEMENT TYPE: Escrow
STATEMENT NO. 4

ESCROW ACCOUNT
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The company will continue its escrow account established in Statement Nos. 1, 2, and 3. The company is authorized, with a maximum balance of \$53,040, excluding accrued interest, to cover the cost of drilling down two wells and to pay for trucked-in water and other costs associated with the redevelopment, replacement, or modification of its water supply system. This account shall be subject to the following conditions:

1. The account shall be funded by a customer bill surcharge of \$195.00 per quarter, commencing on or about January 1, 2008 and continuing for three billing periods thereafter.
2. This account shall be established in a bank, in a separate account, and will be under the control of the company.
3. The water company will have access to the funds in this account solely for the purposes noted above, and any associated revenue taxes.
4. No funds from this escrow account shall be used to pay compensation of any sort to the officers or employees of the company, or to cover any unrelated or unreasonable costs.
5. Any interest earned by the account shall remain in the account to cover costs for wells or redevelopment of existing wells.
6. Customers terminating service will not be entitled to a refund of payments made to the escrow account.
7. The company shall submit copies of all bank statements and a complete accounting of the revenues and disbursements for the account by January 30th of each year. All information shall be sent to the Secretary's Office. In addition, the company may be required to submit, at Staff's request, prioritized plans for work on well(s) and use of funds as well as additional account information.

Issued By: Joyce Heaton, President, 190 South Road, Millbrook, NY 12545
(Name of Officer, Title, Address)