

PSC NO: 5 WATER  
COMPANY: CALLICOON WATER COMPANY  
INITIAL EFFECTIVE DATE: 01/01/06

STAT: ESCW

ESCROW ACCOUNT  
STATEMENT No. 1

The company is authorized to establish an escrow account with a maximum balance of \$36,000 plus accrued interest to cover the cost of extraordinary repairs, emergency maintenance and capital improvements. The first two improvements contemplated are major repairs of the reservoir and the replacement of the Del Vue Storage Tank. This account will be subject to the following conditions:

1. The account will be funded commencing with the billing of January 1, 2006 at \$36.15 per quarter and the account balance reaches \$36,000. This surcharge will continue until all needed work is completed. .
2. This account will 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 taxes.
4. Once the account has reached the maximum balance and money must be removed for appropriate purposes, the company will be permitted to bill all customers to bring the balance in the account to the approved level. The unit customer charge will be determined by dividing the difference between the maximum level and the balance in the account by the number of customers at that time. The company may not charge a unit customer charge greater than \$100.00 per quarter unless approved by the Commission. Whenever the company replenishes the account, it will also collect any associated revenue taxes.
5. Any interest earned by the account shall remain in the account to cover expenses or reduce payments by customers needed to replenish the account to its approved level.
6. Customers terminating service will not be entitled to a refund of payments made to the escrow account.
7. The company must submit copies of all bank statements and a complete accounting of the revenues and expenses for the account by January 30<sup>th</sup> of each year. All information should be sent to the Water Rates Section. In addition, the company may be required to submit, at Staff's request, prioritized plans for repairs and use of funds as well as additional account information

Issued By: Craig Stewart, Secretary, PO Box 277, Callicoon, NY 12723  
(Name of Officer, Title, Address)