

PSC NO: 2 WATER**COMPANY: FOREST PARK WATER COMPANY, INC.****INITIAL EFFECTIVE DATE: 04/01/04****STATEMENT TYPE: ESCW****STATEMENT NO: 3**

Issued in compliance with the Order dated March 29, 2004 in Case 03-W-0979.

ESCROW ACCOUNT
STATEMENT NO. 3

Forest Park Water Company, Inc. will be authorized to establish an escrow account with a maximum balance of \$50,000, including accrued interest, to cover the cost of extraordinary repairs, emergency maintenance and major improvements, which are not covered through base rates. This account will be subject to the following conditions:

1. The account will be initially funded commencing with the billing in April 2004 and for five quarters thereafter at \$10 per quarter.
2. This account will be established in a bank, in a separate account, and is under the control of the company.
3. The water company has access to the funds in this account solely for the purposes noted above and any associated revenue 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 the initial funding level stated above 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 30th of each year. All information should be sent to the Secretary's Office. 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.
8. Failure to comply with the conditions of this Account or failure to improve the general maintenance of the company's facilities for the period ending December 31, 2006 may result in the implementation of a Performance Incentive Clause.

Issued By: Hugh Knickerbocker, President, PO Box 399, Pleasant Valley, NY 12569
(Name of Officer, Title, Address)