

P.S.C. No. 1 – Water
Independent Water Works, Inc.
Initial effective date: 12/01/02

Statement Type: Escrow
Statement No. 1

Extraordinary Repairs and Plant Replacement Escrow Account

In order to enhance the viability of the water company, Independent Water Works, Inc. will establish an escrow account with a maximum balance of \$50,000, not including account interest or amounts due to forfeited return, for the purpose of making extraordinary repairs and/or plant replacements. The account will be subject to the following conditions:

1. The company's owner will deposit 5% of its revenue each billing cycle in the account, no later than 15 days after its receipt. These funds will be kept in a separate account established in a local bank. The account will be under the company's control.
2. When the amount of money collected reaches \$50,000, the company's owner will stop the deposits. As money is used from the escrow account for extraordinary repairs and plant replacements, Independent Water Works, Inc. will replenish the escrow account to the \$50,000 level. This will be accomplished by depositing up to 5% of its revenue each billing cycle until the \$50,000 level is reached.
3. This account shall bear interest and such interest shall remain in the account and be used to cover expenses or reduce replenishment amounts. In addition, the company will have access to the funds in this account solely for the purposes noted above and any associated revenue taxes.
4. The company will submit to the Chief, Water Rates Section within 30 days after the end of each calendar year, copies of all escrow account bank statements with a complete accounting of all deposits and withdrawals. A complete explanation of what all withdrawals were used for including copies of bills will also be required with this submission.

Issued By: Norman Nadel, Secretary, c/o Hogan and Rossi, 1441 Route 22, Suite 204B,
Brewster, NY 10509
(Name of Officer, Title, Address)

P.S.C. No. 1 – Water
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Initial effective date: 12/01/02

Statement Type: RORI
Statement No. 1

Operating Cushion Incentive

The water company will demonstrate annually that it is properly managing and operating its system by submitting documentation by January 31 of each year that the company has not experienced any of the following criteria:

1. Being under a “boil water” notice for 30 or more consecutive days.
2. Failure to meet state disinfection requirements for 5 or more days in any one month or have a waiver from the disinfection requirements.
3. Failure to provide water service to all of its customers for 2 or more consecutive days, except for power failures.
4. Being listed by the New York State Department of Health as a “Significant Non-Complier”.
5. Failure to adhere to the provisions in the company’s tariff schedule pertaining to escrow accounts.
6. Failure to have a licensed operator for 10 or more days per year.
7. Failure to adhere to the provisions in the company’s tariff schedule pertaining to adequate levels of pressure.
8. Failure to maintain separate and distinct water company records that can be readily audited.
9. Failure to pay electric utility charges resulting in arrears and threatened termination of service by the electric company.
10. Any violations that require the Public Service Commission or any local or state Department of Health or Boards of Health to initiate a proceeding or issue a formal order relating to either service or operational problems.

Staff will complete its review within 30 days of the company’s submission. If Staff believes that the company has experienced one or more of the above criteria, it may recommend to the Commission that the company be found to be not in compliance with properly managing and operating its system. If the Commission determines that the company is not in compliance, the company will be required to deposit in the Repairs and Plant Replacement Escrow Account one-half of its return for a year following the year of non-compliance. Deposits will be made quarterly. This formal review process will be discontinued after the year ended December 31, 2005, providing the company has shown that it has properly managed and operated its system by not experiencing any of the above criteria.

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