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PSC NO: 3 WATER STATEMENT TYPE: ESCW
COMPANY: H.V. WATER COMPANY, INC. STATEMENT NO. 2
INITIAL EFFECTIVE DATE: 06/01/03
Issued in compliance with the Order dated 05/28/03 in Case 02-W-0998

ESCROW ACCOUNT
STATEMENT No. 2

The company is authorized to establish an escrow account with a maximum balance of $10,000 including accrued interest to cover the cost of extraordinary repairs, emergency maintenance and major improvements. This account will be subject to the following conditions:

1. The account will be initially funded commencing with billing in June 2003 and for three quarters thereafter at $25 per quarter.

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 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 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 in compliance with the order dated May 28, 2003 in Case 02-W-0998

Issued By: Judith A. Miele, Secretary, 8 River Road, Suffern, NY 10901
(Name of Officer, Title, Address)