

PSC NO: 3 - WATER
COMPANY: PABST WATER COMPANY, INC.
INITIAL EFFECTIVE DATE: 04/01/2012

STATEMENT TYPE: ESCROW
STATEMENT NO: 1

ESCROW ACCOUNT

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Pabst Water Company, Inc. (Pabst or the Company) will establish a replenishable interest-bearing escrow account with a maximum balance of \$24,000, to cover the cost of extraordinary repairs and/or plant replacements. The account will be subject to the following conditions:

1. The account will be initially funded commencing with the customer billing April 1, 2012, by means of a customer surcharge of \$20.00.
2. The account will be established in a New York State 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 taxes associated with the account.
4. Once the account has reached the maximum balance will cease. The company will be permitted to resume the customer surcharge to bring the balance in the account back to the approved level only when the balance is reduced below the maximum level by the removal of money from the account for the purposes noted above and any taxes associated with the account. The unit customer surcharge in this case will be determined by dividing the difference between the maximum level and the balance in the account at the end of the previous quarter by the number of customers at that time of billing for that quarter. The company may not charge a unit customer charge greater than \$20.00 per quarter unless approved by the Commission.
5. This account shall bear interest and such interest shall remain in the account and be used to cover expenses or reduce payments by customers needed to replenish the account to its approved level.
6. A customer 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 of each year. All information should be sent to the Chief of the Water Rates Section, Office of Gas & Water, Department of Public Service.

Issued By: Raymond Janus, Vice President, 31 Sunset Place, No. Salem, NY 10560