

**PSC NO: 1 - WATER**  
**COMPANY: GREAT EXPECTATIONS, LLC.**  
**INITIAL EFFECTIVE DATE: October 1, 2009**

**STATEMENT NO: 2**  
**STATEMENT TYPE: ESCW**

**ESCROW ACCOUNT FOR MAJOR RENOVATIONS**

**STATEMENT NO. 2**

By Commission order in Case 03-W-0941 Great Expectations, LLC. (Company) was authorized to establish an escrow account with the maximum balance of \$50,000 not including any accrued interest, for the purpose of making extraordinary repairs and/or plant replacements. The company recently incurred expenditures of \$89,854.47 to solve a problem of high manganese in its supply. The company drilled new wells, which were unsuccessful, and ultimately installed a treatment system to remove the manganese. The company used \$27,000 from its escrow account and is proposing to recover the balance of \$62,854.47 (plus interest at a rate of 3%) from the escrow account over an 11 year period. To repay the advances it made, the company will withdraw \$7,300 per year from the escrow account for the first 10 years and the balance will be taken in the last year. To continue funding the account, the escrow surcharges will increase by 50%. The figures below reflect this increase. This account will be subject to the following conditions:

1. To fund the account and repay the advances the company will bill each customer a quarterly surcharge and deposit the money collected through this surcharge into the escrow account. The quarterly surcharges will be as follows:
  - Single-Family homes, Villas, and the Homeowners Association Irrigation Connections and Pool - \$19.50 (for each connection)
  - The Golf Course clubhouse - \$432
  - The Halfway House - \$24
2. This account should be kept in a local bank 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 becomes fully funded at \$ 50,000, the company will stop billing each customer the quarterly surcharge. As funds are removed for appropriate purposes, the company will be permitted to replenish the escrow account to the \$50,000 level. The customer surcharge will be determined by billing each customer a proportional share, based on above quarterly surcharges, of the money required to replenish the escrow account to the \$50,000 level. However the company will not be allowed to surcharge each customer more than the above quarterly surcharges to accomplish the replenishment (unless otherwise approved by the Commission).
5. Any interest earned by the account shall remain in the account to cover the cost of the improvements.
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. The company should submit copies of bills for expenses that were paid using the escrow funds. All information should be sent to the Chief, Water Rates Section. In addition, the company may be required to submit, at Staff's request, prioritized plans for the improvements and use of funds as well as additional account information.

Issued By: Frank P Giordano, Jr, Member, PO Box 4687 Middletown, NY 10941