..DID: 20125
..TXT: PSC NO: 3   WATER   STATEMENT TYPE: ESCW
COMPANY: H.V. WATER COMPANY, INC.   STATEMENT NO: 1
INITIAL EFFECTIVE DATE: 01/01/03
STAMPS:
Effective date postponed to 04/01/03. See Supplement No. 2
RECEIVED: 08/02/02 STATUS: Pending   EFFECTIVE: 04/01/03

ESCROW ACCOUNT
STATEMENT NO. 1

An escrow account of $10,000 ($25.00 per quarter for 4 quarters) is established to cover the cost extraordinary repairs and emergency maintenance. This account will be subject to the following conditions:

1. This account will be transferred to a local bank and will be under the control of the company.

2. The water company will have access to the funds in this account solely for the purposes noted above and any associated taxes.

3. After expending monies from this account, the company will be permitted to bill all customers to bring the balance in the account to the approved level. The amount each customer is billed is determined by dividing the difference between the approved level and the balance in the account by the number of customers at that time. Whenever the company replenishes the account, it will also collect any associated revenue taxes.

4. The new account shall bear interest which shall remain in the account and be used to cover expenses or reduce payments the customers will have to make to replenish the account to its approved level.

5. If a customer terminates water service, he or she will be entitled to a refund equal to the balance in the account divided by the numbers of customers as of the date of termination. A new customer would be required to pay an amount equal to the balance in the account divided by the number of customers as of the date of service.

6.   The company must submit, within 30 days after the end of each calendar year, copies of all bank statements and a complete accounting of the revenues and expenses for the account.

Issued By: William Miele, Jr., 8 River Road, Suffern, NY 10901
(Name of Officer, Title, Address)