

## ALBERT A. NATOLI, P.C.

COUNSELOR-AT-LAW

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March 28, 2006

Honorable Jaclyn A. Brilling  
Secretary, Public Service Commission  
NYS Public Service Commission  
3 Empire State Plaza  
Albany, New York 12223-1350

RE: Initial Rate Filing, Brookside Meadows Water-Works Corp.

Dear Secretary Brilling:

Enclosed are five copies of this letter and the Initial Tariff Schedule – PSC No. 1 – Brookside Meadows Water-Works Corp. (“Brookside Water” or the “Company”). These documents are transmitted for filing in compliance with the requirements of the Public Service Commission of the State of New York. The Tariff is to become effective on July 27, 2006. At this time, the Company does not expect customers to be served before September 1, 2006.

Pursuant to Public Service Law, Section 89-e, the Company is making this filing more than 120 days prior to serving its first customer. Brookside Water will serve the Brookside Meadows multi-family housing development in the Town of Pleasant Valley, Dutchess County.

As the development is currently planned, Brookside Water will serve 284 customers but the subdivision plan provides for a maximum of 302 units of multi-family housing including a maximum of 248 apartment and condominium units and 54 town-homes. The rates in the tariff are designed to generate, at full development, approximately \$139,000 in total revenues and a pre-tax rate of return of approximately 10.75% on a rate base of \$345,300. The service charge would be \$90 per quarter plus a rate per 1,000 gallons of \$4.40. The estimated annual bill is \$492.

Although Brookside Water is a new utility, the water service already exists and is providing service. The water supply is now owned by Pleasant Valley Properties LLC (“PVP”). PVP is not under the jurisdiction of the Public Service Commission because it provides water service only to property and tenants of the owners of the water supply. Recently the Town of Pleasant Valley has permitted PVP to subdivide its property. PVP intends to sell a portion of its property to a third party. The third party will build apartments, condos, and/or town-homes. Before service is provided to the third party or its tenants, PVP will transfer the water supply property to Brookside Water and Brookside Water will then serve the entire subdivision.

The water system consists of two wells, a 30,000-gallon storage tank, two transfer pumps, and a 4,000-gallon hydro-pneumatic tank. The water is softened to reduce hardness and chlorinated as a preventative disinfection.


Initial rates were set to comply with the Commission's Initial Rate Policy. They are set based upon a fully-developed system and are designed to generate enough revenue to cover the Company's operation and maintenance expenses, taxes, depreciation, and provide a reasonable return on the investment in the system. The level of the rate base and the return on the rate base should be adequate to generate additional investment and/or debt financing for replacements and capitalize repairs.

Brookside Water's Certificate of Incorporation is attached as Exhibit 1. Exhibit 2 is a three-page schedule showing the Company's requirement. Page 1 of Exhibit 2 is a detailed income statement that shows the Company's estimate of operating expenses. No allowance for State and Federal income taxes has been included since the requested rate of return is on a pre-tax basis. Exhibit 2, page 2, shows the Company's computation of rate base with an estimate of the amount that will be contributed by the developer. The Company intends to have the third-party developer contribute the mains that will attach its customers to Brookside Water. This page also shows the calculation of depreciation and the other components of rate base. Exhibit 2, page 3, shows the computation of the proposed rates. The service charge included in the proposed rates will be billed quarterly in advance.

The existing apartment buildings are not billed for water service since the water supply is part of the owner's entire facility. After the water supply is transferred to Brookside Water, Brookside Water will bill PVP at a rate equivalent to the number of individual premises served. Currently, none of the tenants are billed for water service. However, after the transfer, as new leases are negotiated with tenants, the customers will obtain service from the Company. Each customer will be metered. All customers will be advised of the proposed rates prior to entering into any agreement to purchase or lease property in the subdivision.

Thank you for your consideration.

Very truly yours,



Albert A. Natoli

On Behalf of

Brookside Meadows Water-Works Corp.

AAN:khn

CC: David Van Ort, Esq.  
Bruce E. Alch, P.E.  
Joseph Kirchhoff, President  
Richard A. Frankel, Esq.



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CERTIFICATE OF INCORPORATION  
OF  
BROOKSIDE MEADOWS WATER-WORKS CORP.

PURSUANT TO ARTICLES 1 AND 4 OF THE  
TRANSPORTATION CORPORATIONS LAW OF THE STATE OF NEW YORK

I, the undersigned, for the purposes of forming a water-works corporation pursuant to Articles 1 and 4 of the Transportation Corporations Law of the State of New York, hereby certify:

FIRST: The name of the proposed corporation is:

BROOKSIDE MEADOWS WATER-WORKS CORP.

SECOND: The purposes for which the within corporation is formed are to supply water by mains and pipes to the Brookside Meadows development, located in the Town of Pleasant Valley, County of Dutchess and State of New York, to lay and maintain pipes and hydrants for delivering and distributing water; to acquire, own, lease, hold, purchase, construct, erect, improve, enlarge, operate, control, service, manage, and maintain reservoirs, plants, tanks, lands, wells, water towers, distribution systems, pumping stations, equipment, franchises, and appurtenances incidental to the supply, acquisition, distribution, measurement and sale of water and otherwise sell, lease or dispose of water or water-works for purpose of supplying water for domestic use to the Brookside Meadows development; to take and hold title to real estate.

THIRD: The aggregate number of shares which the Corporation shall have the authority to issue is 200 shares of no par value stock.

FOURTH: The office of the Corporation is to be located in Dutchess County.

FIFTH: The Secretary of State is designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the Corporation served upon him is the Corporation 123 West Road, Pleasant Valley, New York 12569.

SIXTH: The undersigned incorporator is of the age of twenty-one years or over:

Joseph T. Kirchhoff.

/

SEVENTH: This Corporation shall be empowered to engage in any similar lawful business or enterprise which is or might be incidental to, and in any manner connected with its primary purposes.

EIGHTH: The area to be supplied with water by the Corporation is to the Brookside Meadow development, located in the Town of Pleasant Valley, County of Dutchess and State of New York and the Consents of the Town Board of the Town of Pleasant Valley and the Superintendent of Highways of the Town of Pleasant Valley, as required by Section 41 of the Transportation Corporations Law, have been obtained and are annexed hereto.

NINTH: No holder of any of the shares of any class of the Corporation shall be entitled as of right to subscribe for, purchase, or otherwise acquire any shares of any class of the Corporation which the Corporation proposes to issue, or any rights or options which the Corporation proposes to grant for the purchase of shares of any class of the Corporation or for the purchase of any shares, bonds, securities, or obligations of the Corporation which are convertible into or exchangeable for, or which carry any rights to subscribe for, purchase or otherwise acquire shares of any class of the Corporation; and any and all of such shares, bonds, securities or obligations of the Corporation, whether now or hereafter authorized or created, may be issued, or may be reissued or transferred if the same have been reacquired and have treasury status, and any and all of such rights and options may be granted by the Board of Directors to such persons, firms, corporations and associations, and for such lawful consideration and on such terms, as the Board of Directors in its discretion may determine, without first offering the same, or any thereof, to any said holder. Without limiting the generality of the foregoing stated denial of any and all preemptive rights, no holder of shares of any class of the Corporation shall have any preemptive rights in respect of the matters, proceedings, or transaction specified in subparagraphs (1) to (6), inclusive, or paragraph (e) of Section 622 of the Business Corporation Law.

TENTH: Except as may otherwise be specifically provided in this Certificate of Incorporation, no provision of this Certificate of Incorporation is intended by the Corporation to be construed as limiting, prohibiting, denying, or abrogating any of the general or specific powers or rights conferred under the Transportation Corporations Law or, by virtue of Section 4 thereof, the Business Corporation Law upon the Corporation, upon its shareholders, bondholders, and security holders, and upon its directors, officers and other corporate personnel including, in particular, the power of the Corporation to furnish indemnification to directors and officers in the capacities defined and prescribed by the Business Corporation Law, and the defined and prescribed rights of said persons to indemnification as the same are conferred by the Business Corporation Law.

ELEVENTH: Annexed hereto is a certificate, duly executed on behalf of the local governing body of the Town of Pleasant Valley, the Town in which all of the water-works system provided by this Corporation is situate, consenting to the formation of this Corporation.

IN WITNESS WHEREOF, this Certificate has been signed this 26<sup>th</sup> day of Oct, 2005.

  
Joseph T. Kirchhoff  
123 West Road  
Pleasant Valley, New York 12569

STATE OF NEW YORK )

COUNTY OF Dutchess

ss.:

On the 26<sup>th</sup> day of Oct, 2005, before me personally came Joseph T. Kirchhoff to me known and known to me to be the individual described in and who executed the foregoing Certificate, and he acknowledged to me that he executed the same.

Notary Public



ANITA SODEN  
Notary Public, State of New York  
Reg. No. 01SO6000465  
Qualified in Dutchess County  
Commission Expires Dec. 15, 2005

TOWN BOARD: TOWN OF PLEASANT VALLEY  
COUNTY OF DUTCHESS: STATE OF NEW YORK

In the Matter of the Application of

PLEASANT VALLEY PROPERTIES, LLC

For the Formation of the  
Brookside Meadows Water-Works Corp.  
Pursuant to Article 4 of the Transportation Corporations Law  
To Serve Real Property in the Town of Pleasant Valley  
Known as Wigsten Farm or the Brookside Meadows  
Development

CONSENT OF  
TOWN BOARD  
TO FORMATION  
OF WATER-WORKS  
CORPORATION

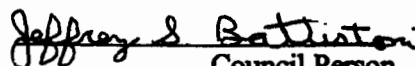
WE, the undersigned, a majority of the members of the Town Board of the Town of Pleasant Valley, Dutchess County, New York, do hereby consent to the formation of Brookside Meadows Water-Works Corp., a water-works corporation, under the provisions of Articles 1 and 4 of the Transportation Corporation law of the State of New York, for the purpose of supplying water to a realty subdivision known as the Brookside Meadows and located in the Town of Pleasant Valley, Dutchess County, New York, and we consent to the filing of the annexed Certificate of Incorporation of Brookside Meadows Water-Works Corp.

IN WITNESS WHEREOF, we have made and subscribed this Consent in triplicate this 14  
day of December 2005.

  
\_\_\_\_\_, Supervisor

  
\_\_\_\_\_, Council Person

  
\_\_\_\_\_, Council Person

  
\_\_\_\_\_, Council Person

\_\_\_\_\_, Council Person

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State of New York, County of Dutchess) ss.:

On the 15 day of December in the year 2005 before me, the undersigned personally appeared John F. McNair, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument the individual(s), or the person upon whose behalf the individual(s) acted, executed the instrument.

  
Notary Public

DEBORAH BJORKMAN  
NOTARY PUBLIC, State of New York  
Reg# 01BJ5011947  
Qualified in Dutchess County  
Commission Expires 6/15/20 07

State of New York, County of Dutchess) ss.:

On the 15 day of December in the year 2005 before me, the undersigned personally appeared Thomas F. Vasth III, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument the individual(s), or the person upon whose behalf the individual(s) acted, executed the instrument.

  
Notary Public

DEBORAH BJORKMAN  
NOTARY PUBLIC, State of New York  
Reg# 01BJ5011947  
Qualified in Dutchess County  
Commission Expires 6/15/20 07

State of New York, County of Dutchess) ss.:

On the 15 day of December in the year 2005 before me, the undersigned personally appeared Stephen B. Albrecht, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument the individual(s), or the person upon whose behalf the individual(s) acted, executed the instrument.

  
Notary Public

DEBORAH BJORKMAN  
NOTARY PUBLIC, State of New York  
Reg# 01BJ5011947  
Qualified in Dutchess County  
Commission Expires 6/15/20 07

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State of New York, County of Dutchess) ss.:

On the 15 day of December in the year 2005 before me, the undersigned personally appeared JEFFREY S. BATTISTONI, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument the individual(s), or the person upon whose behalf the individual(s) acted, executed the instrument.

  
Notary Public

DEBORAH BJORKMAN  
NOTARY PUBLIC, State of New York  
Reg# 01BJ5011947  
Qualified in Dutchess County  
Commission Expires 6/15/20 07

State of New York, County of Dutchess) ss.:

On the     day of             in the year     before me, the undersigned personally appeared             , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument the individual(s), or the person upon whose behalf the individual(s) acted, executed the instrument.

\_\_\_\_\_  
Notary Public

TOWN BOARD: TOWN OF PLEASANT VALLEY  
COUNTY OF DUTCHESS: STATE OF NEW YORK

-----X  
OF  
In the Matter of the Application of  
PLEASANT VALLEY PROPERTIES, LLC  
For the Formation of  
Brookside Meadows Water-Works Corp.

CONSENT  
  
SUPERINTENDENT  
OF HIGHWAYS  
TO THE FORMATION  
OF WATER-WORKS  
CORPORATION

-----X  
TO THE HONORABLE TOWN BOARD:

I, the undersigned, Superintendent of Highways of the Town of Pleasant Valley, County of Dutchess, and State of New York, do hereby consent to the formation of Brookside Meadows Water-Works Corp., a water-works corporation, under the provisions of Articles 1 and 4 of the Transportation Corporation Law of the State of New York for the purpose of supplying water to a realty subdivision known as the Brookside Meadows, located in the Town of Pleasant Valley, County of Dutchess, and State of New York, and I consent to the filing of the annexed Certificate of Incorporation of Brookside Meadows Water-Works Corp.

IN WITNESS WHEREOF, I have signed and acknowledged this Consent this 31 day of

*January*, 2005. *2006*

*Kurt A. Smith*  
Superintendent of Highways

State of New York, County of Dutchess) ss.:

On the 3 day of January in the year 2006 before me, the undersigned personally appeared Kurt A. Gaudier, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument the individual(s), or the person upon whose behalf the individual(s) acted, executed the instrument.

  
Notary Public

DEBORAH BJORKMAN  
NOTARY PUBLIC, State of New York  
Reg# 01BJ6011947  
Qualified in Dutchess County  
Commission Expires 6/15/20 27

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**CERTIFICATE OF INCORPORATION  
OF  
BROOKSIDE MEADOWS WATER-WORKS CORP.**

100  
STATE OF NEW YORK  
DEPARTMENT OF STATE

FEB 09 2006

FILED  
TAX S  
BY:

*[Signature]*  
*Date*

Filed by:  
Richard A. Frankel, Esq.  
Iseman, Cunningham, Riester & Hyde, LLP  
9 Thurlow Terrace  
Albany, New York 12203  
(518)462-3000  
FAX (518)462-4199

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**February 09, 2006**



*[Handwritten signature]*

DOS-1266 (Rev. 11/05)



**Brookside Meadows Water-Works Corp.**  
**Detailed Comparative Income Statement**

		Amount
<b>Number of Customers at final build-out (approximate)</b>		284
<b>Total Operating Revenues</b>	p. 3	\$139,640
<b>O&amp;M Expenses:</b>		
Supervising & Operating Labor		
Daily Operation, Contract Labor		\$14,717
<b>Operating Expenses:</b>		
Alarms		\$390
Building Maintenance		400
Chemicals		2,200
Licenses & Permits		200
Materials & Supplies		5,000
Maintenance Contracts		
Generator Service		1,000
Furnace Service/Repair		
Landscape Services		200
Snow Plow & Removal Contract		525
Meter Reading		3,686
Purchased Power		11,412
Propane		850
Repairs & Maintenance		6,500
Subcontract Repairs & Maintenance		8,909
Testing, Chemicals		200
Testing, Laboratory		3,500
<b>Administrative Expenses:</b>		
Association Dues & Subscriptions		300
Bank Charges		200
Bad Debt Expense		500
Billing Bookkeeping, & Collecting		11,912
Conferences and Seminars		500
Insurance		1,900
Office Expense:		1,000
Rent		3,000
Telephone & Internet		360
Professional Fees		
Accounting		2,500
Legal		1,000
Regulatory Expense		300
Miscellaneous Expense		500
<b>Total O&amp;M Expenses</b>		<b>\$83,661</b>
Depreciation	p.2	\$6,895
Regulatory Expense, Amortized	p.2	2,000
Total Depreciation and Amortizations		<b>\$8,895</b>
<b>Operating Taxes:</b>		
Real Estate		\$10,000
<b>Total Operating Revenue Deductions</b>		<b>\$102,556</b>
<b>Utility Operating Income</b>		<b>\$37,084</b>
<b>Rate Base</b>	p.2	<b>\$345,300</b>
<b>Rate of Return (Pre-Tax)</b>		<b>10.74%</b>

**Brookside Meadows Water-Works Corp.****Rate Base, Depreciation, and Amortizations**

Rate Year 2006

Year Installed	Description	Construction Costs	Percent Capitalized	Net Utility Plant	Life	Annual Depreciation Expense	Years In Service	Accumulated Depreciation
	Land	\$130,000	100.00%	130,000				
	Franchise & Consent	10,000	100.00%	10,000				
	Organization Costs	4,000	100.00%	4,000				
2005	Wells	68,000	40.00%	27,200	40	\$680	0.5	\$340
2005	Pumps	18,800	40.00%	7,520	40	\$188	0.5	94
2005	Mains		0.00%	0	40	\$0	0.5	0
2005	Meters	35,000	40.00%	14,000	40	\$350	0.5	175
2005	Pump House, Buildings	85,000	40.00%	34,000	40	\$850	0.5	425
2005	Purification Equipment	66,000	40.00%	26,400	15	1,760	0.5	880
2005	Service Laterals		0.00%	0	40	0	0.5	0
2005	Tanks	125,000	40.00%	50,000	30	1,667	0.5	834
2005	Generator System	22,000	40.00%	8,800	20	440	0.5	220
2005	Other General Equipment	36,000	40.00%	14,400	15	960	0.5	480
		<u>\$599,800</u>		<u>\$326,320</u>		<u>\$6,895</u>		<u>\$3,448</u>
Contribution of Plant by Developer			\$273,480					
Percent Contributed			46%					
Average Rate Base 2004				<u>\$326,320</u>				
<u>Utility Plant in Service</u>				<u>\$326,320</u>				
Less: Accumulated Depreciation				<u>3,448</u>				
Net Plant				<u>\$322,873</u>				
<u>Allowance for Working Capital</u>								
O&M Expenses		\$83,661						
Working Capital Percent		20.83%						
Allowance for Working Capital				17,427				
<u>Amortization</u>								
Rate Case Expense			\$6,000					
Amortization Period (yrs.)		3						
Annual Amortization		\$2,000						
Amount Amortized in the rate year				<u>1,000</u>				
Unamortized Balance						5,000		
<b>Total Rate Base</b>				<u><b>\$345,300</b></u>				



**Brookside Meadows Water-Works Corp.****Rate and Revenue Computations**

<b>Full Development</b>			
<b>Revenue Required</b>		\$140,000.00	
Service Charge, Quarterly	\$90.00		
Average Number of Customers at full build-out	284		
Number of Quarterly Bills	1,136	102,240.00	\$102,240.00
Revenue Required from per gallon Sales		\$37,760.00	
Commercial			
Average Daily Use per customer- in gallons	82		
Annual Sales per Customer	30,000		
Total Water Sales	8,500,000		
Rate per Thousand gallons	\$4.40		
Revenue for usage			37,400.00
Total Annual Revenue			\$139,640.00
<b>Average Bill</b>		<b>Quarterly</b>	<b>Annually</b>
Service Charge, Fixed Quarterly	\$90.00	\$90.00	\$360.00
Rate per Thousand Gallons	\$4.40		
Annual Sales Customer	30,000		
Usage Charge		\$33.00	\$132.00
Average Bill		\$123.00	\$492.00