

**ALBERT A. NATOLI, P.C.**

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August 1, 2007

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, The Meadows at Hyde Park Water-Works Corp.

Dear Secretary Brilling:

Enclosed are five copies of this filing and the Initial Tariff Schedule – PSC No. 1 – The Meadows at Hyde Park Water-Works Corp. (“Meadows 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 December 1, 2007. The Company expects to serve its first customer on or about that date.

Pursuant to Public Service Law, Section 89-e, the Company is making this filing more than 120 days prior to serving its first customer. Meadows Water will serve The Meadows at Hyde Park, a subdivision in the Town of Hyde Park, Dutchess County. Since this is an initial filing and no customers are being served, publication of the proposed rates is not required.

The development is planned to have 74 single-family homes. The Company will have four wells, a 30,000-gallon water storage tank, a microfiltration system, a chlorination treatment facility, approximately 5,600 feet of main, hydrants for flushing, valves, and associated appurtenances. Service will be metered, and no fire protection service will be provided.

The rates in the Tariff are designed to generate, at full development, approximately \$79,920 in total revenues and a pre-tax rate of return of approximately 11% on a rate base of \$254,000. The service charge would be \$180 per quarter, billed quarterly in advance, plus a usage rate of \$6.00 per 1,000 gallons. The estimated annual bill is \$1,080. In addition, the Tariff establishes a repair and maintenance escrow. The escrow will be funded by a surcharge of no more than \$20 per quarter and have a maximum balance of \$7,500, not including accrued interest.

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. Assuming the reasonable allowance for operation and maintenance is granted, the amount of the rate base and the return on the rate base will be

adequate to generate additional investment and/or debt financing for replacements and capitalized repairs.

Meadows Water's Certificate of Incorporation is attached as Exhibit 1. Exhibit 2 is a three-page schedule showing the Company's revenue 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 will charge third-party developers \$5,000 per house as a contribution to Meadows Water to defray the cost of the Water Company. The balance of the construction costs will be paid by the principal developer. The principal developer will capitalize \$255,000 of the balance of the cost to establish the Water Company's rate base. Exhibit 2, page 2, also shows the calculation of depreciation and the other components of rate base. Exhibit 2, page 3, shows the computation of the proposed rates.

Customers will be advised of the proposed rates prior to entering into any agreements to purchase property at the subdivision. After the rates have been approved, the customers will be advised of the actual rate.

Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Albert A. Natoli', is written over the typed name.

Albert A. Natoli

On Behalf of

The Meadows at Hyde Park  
Water-Works Corp.

AAN:slf

CC: Mr. Kevin Manz, PSC  
Mr. Chris Yacono