

NATIONAL AQUEOUS CORPORATON
483 82ND STREET, SUITE 301
Brooklyn, NY 11209-4110

May 18, 2004

Jaclyn A. Brilling.
Secretary
State of New York Department of Public Service
Three Empire State Plaza
Albany, New York 12223

Dear Secretary Brilling:

By this letter National Aqueous Corporation (National Aqueous or the company) is formally requesting the Department of Public Service's Water Rates Section to electronically file, on its behalf and under its name, an initial electronic tariff schedule with a proposed effective date of October 1, 2004. National Aqueous adopted the current Relaxmor Cottages, Inc.'s tariff and requests to file a new tariff under its own name. The new proposed tariff contains the company's current rates in Service Classification No. 1 and establishes Escrow Account Statement No. 1 with a funding level of \$20,000. At the same time, National Aqueous is requesting rate relief to increase its annual revenues by about \$17,176 or about 136%. The company is also filing electronically Leaf No. 12, Revision 1, which reflects the new rates and has a proposed effective date of January 1, 2005.

The company is also requesting a new restoration of service charge of \$50 for normal hours, \$75 for after hours and \$100 for weekends and holidays, the establishment of a late payment charge of 1-1/2 percent per month, compounded monthly and would be applied to all balances left unpaid 23 days following mailing of the bill, and the establishment of a charge for processing all returned checks equal to the bank charge plus a handling fee of \$5.00 (not to exceed the maximum allowed by section 5-328 of the General Obligations Law).

We are also requesting waiver of the requirement of newspaper publication of the proposed changes since we will notify our customers of the proposed changes individually by mail.

Sincerely,

James Barry, President
National Aqueous Corporation