

**Hudson Valley Water Companies, Inc.  
83 Eagle Chase  
Woodbury, NY 11797**

October 7, 2009

Honorable Jaclyn A. Brilling  
Secretary  
NYS Department of Public Service  
Three Empire State Plaza  
Albany, NY 12223

Dear Secretary Brilling:

The enclosed amendment, submitted by Water Rates Staff, on behalf of Hudson Valley Water Companies, Inc., is transmitted electronically for filing in compliance with the requirements of the Public Service Commission of the State of New York

P.S.C. No. 2 – Water  
Escrow Statement No. 1  
Effective: January 1, 2010

Hudson Valley Water Company. (Hudson Valley) is requesting authorization to establish a replenishable interest-bearing escrow account with a maximum balance of \$22,000 not including accrued interest, to cover the cost of extraordinary repairs and/or plant improvements/replacements. The account will be funded by means of a quarterly surcharge of \$6.10 per customer per quarter. Hudson Valley currently needs to install a water treatment system that is estimated to cost about \$22,000. In addition, the media in the treatment system will need to be changed every 3 to 4 years at an estimated cost of \$12,000. The funds in the escrow account will be used to pay for the improvements and repay interest and principal on short-term loans needed to assist with the construction.

Hudson Valley Water Companies, Inc. requests waiver of newspaper publication since it plans to individually notify its customers of the tariff filing.

Very truly yours,  
Hudson Valley Water Companies, Inc.

Jeffrey Fuller  
President

Enc.