

PSC NO: 1 - WATER
COMPANY: Southside Water Inc.
EFFECTIVE DATE: December 1, 2006

STATEMENT TYPE: SURCHARGE
STATEMENT NO. 1

ESCROW ACCOUNT FOR METER REPLACEMENT PROGRAM
STATEMENT No.1

The company is authorized to establish an escrow account to repay a loan for the replacement of 100 existing water meters with remotes, estimated to cost less than \$15,000. This account will be subject to the following conditions:

1. The account will be funded commencing with the quarterly billing period of November, 2006 at \$10.68 per customer per quarter until the company makes its commitment for the four year term loan. At that time the company must adjust the surcharge to match the final amount and cost of the term loan. In addition, if the final amount of the surcharge exceeds \$10.68 the company shall report the new surcharge amount to the Commission and to its customers within thirty days.
2. This account will be established in a bank, in a separate interest bearing account, and will be under the control of the company.
3. The water company will have access to the funds in this account solely for the purposes noted above and any associated taxes.
4. Any interest earned by the account shall remain in the account to cover the cost of the improvements.
5. Customers terminating service will not be entitled to a refund of payments made to the escrow account.
6. The company must submit copies of all bank statements and a complete accounting of the revenues and expenses for the account by January 30th of each year. All information should be sent to the Water Rates Section. In addition, the company may be required to submit, at Staff's request, prioritized plans for the improvements and use of funds as well as additional account information.

Issued By: James V. Lettiere, Jr. President, 16115 Heaslip Ln, Clayton, NY 13624