

**P.S.C. NO. 1 – WATER**  
COMPANY: **STERLING HOMES, LLC**  
INITIAL EFFECTIVE DATE: 04/01/2006

STATEMENT TYPE: ESCW  
STATEMENT NO.: 1

**QUARTERLY SURCHARGE AND ESCROW ACCOUNT**  
**STATEMENT NO. 1**

Pursuant to Commission Order issued March 30, 2006 in Case 05-W-0053, the company was directed implement a quarterly \$25 per customer surcharge and to establish an interest-bearing escrow account to be used exclusively to fund extraordinary repairs, emergency maintenance and major improvements. The escrow account will be subject to the following conditions:

1. The escrow account will be funded, commencing with the first billing subsequent to the issuance of the Commission's initial rate order in Case 05-W-0053, by means of a quarterly surcharge of \$25.00 per customer. The funding will not exceed \$20,000.
2. The escrow account will be established as a separate interest bearing account in an insured banking institution and be under the control of the company. The company will have access to the funds in this account solely for the purposes described above and any associated revenue taxes. Any interest earned by the account shall remain in the account. Customers terminating service will not be entitled to a refund.
3. The company will maintain records of the amounts collected through the surcharge, and deposits, withdrawals, and any other transactions related to the operation of the escrow account. A report detailing such records for each calendar year should be submitted to the Secretary of the Commission by January 30 of each succeeding year. Included in the report will be a description of any projects funded by the escrow account.
4. Whenever money is withdrawn from the escrow account, the company is authorized to replenish the account by means of a quarterly surcharge of \$25 until the escrow account is funded to \$20,000.
5. Water plant funded from the escrow account will be excluded from the company's rate base.
6. The above-described process would continue until otherwise ordered by the Commission.

ISSUED BY: Solomon Rokowsky, Member, 235 N. Main Street, Suite 17, Spring Valley, NY 10509  
(Name of Officer, Title, and Address)