

PSC NO: 2 - WATER  
COMPANY: Hudson Valley Water Companies, Inc.  
INITIAL EFFECTIVE DATE: January 1, 2010

STATEMENT TYPE: ESCROW  
STATEMENT NO: 1

## **ESCROW ACCOUNT**

### **STATEMENT NO. 1**

Hudson Valley Water Companies, Inc. (Hudson Valley) will 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 funds in the escrow account can be used to pay for the improvements and repay interest and principal on short-term loans needed to assist with the construction. The company 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 account will be subject to the following conditions:

1. The account will be funded by means of a surcharge of \$6.10 per customer per quarter commencing with the January 1, 2010 customer billing.
2. The account will be established in a New York State bank, in a separate 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 taxes associated with the account.
4. Once the account has reached the maximum balance, the company will be permitted to resume the customer surcharge to bring the balance in the account back to the approved level only when the balance is reduced below the maximum level by the removal of money from the account for the purposes noted above and any taxes associated with the account. The unit customer surcharge in this case will be determined by dividing the difference between the maximum level and the balance in the account at the end of the previous quarter by the number of customers at that time of billing for that quarter. The company may not charge a unit customer charge greater than \$50.00 per quarter unless approved by the Commission.
5. This account shall bear interest and such interest shall remain in the account and be used to cover expenses or reduce payments by customers needed to replenish the account to its approved level.
6. Customers terminating service will not be entitled to a refund of payments made to the escrow account.
7. The company must submit copies of all bank statements and a complete accounting of the revenues and expenses for the account by January 30 of each year. All information should be sent to the Water Rates Section, Office of Gas & Water, Department of Public Service.

Issued By: Jeffrey Fuller, President, 83 Eagle Chase, Woodbury, NY 11797  
(Name of Officer, Title, Address)