

PSC NO: 3 - WATER
COMPANY: KNOLLS WATER CO., INC.
INITIAL EFFECTIVE DATE: May 29, 2009

STATEMENT NO: 4
STATEMENT TYPE: ESCW
(Statement No. 3 cancelled per
Order in C. 08-W-0523 dated
May 21, 2009)

ESCROW ACCOUNT FOR MAJOR RENOVATIONS

STATEMENT NO. 4

The escrow account for major renovations will be funded by means of a surcharge of \$50 per customer per quarter. These funds are to be used for the installation of a well including all necessary equipment and for the replacement of the company's storage tank. This account will be subject to the following conditions:

1. This account should be kept in a local bank and will be under the control of the company.
2. The water company will have access to the funds in this account solely for the purposes noted above and any associated taxes.
3. Any interest earned by the account shall remain in the account to cover the cost of the improvements.
4. Customers terminating service will not be entitled to a refund of payments made to the escrow account.
5. 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 until the account is depleted. 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: Andrew Sferra, President, PO Box 424, Pleasantville, NY 10570
(Name of Officer, Title, Address)