

PSC NO: 3 - WATER  
COMPANY: Birch Hill Water Supply Corp.  
INITIAL EFFECTIVE DATE: OCTOBER 1, 2008

STATEMENT TYPE: ESCW  
STATEMENT NO. 5

ESCROW ACCOUNT  
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The company will continue its escrow account established in Statement Nos. 1, 2, and 3. The company is authorized to use the funds from this account to cover the cost of the M&T Bank Line of Credit Loan used to redevelop the company's wells and pay for trucked-in water in 2007 costing \$50,000.

This account shall be subject to the following conditions:

1. The account shall be funded by a customer bill surcharge of \$55.00 per quarter, commencing on or about October 1, 2008 and continuing for each quarterly billing period thereafter until the M&T Line of Credit Loan is paid or the company is transferred to the Dutchess County Water and Wastewater Authority or other entity.
2. This account shall be established in a 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 associated revenue taxes.
4. No funds from this escrow account shall be used to pay compensation of any sort to the officers or employees of the company, or to cover any unrelated or unreasonable costs.
5. Any interest earned by the account shall remain in the account to and be used to help pay off the loan.
6. Customers terminating service will not be entitled to a refund of payments made to the escrow account.
7. The company shall submit copies of all bank statements and a complete accounting of the revenues and disbursements for the account by January 30<sup>th</sup> of each year. All information shall be sent to the Water Rates Section.

Issued in compliance with Order of the Public Service Commission in Case 07-W-1210, Issued September 22, 2008.

Issued By: Joyce Heaton, President, 190 South Road, Millbrook, NY 12545  
(Name of Officer, Title, Address)