

PSC NO: 5 WATER
COMPANY: THE CALLICOON WATER COMPANY
INITIAL EFFECTIVE DATE: 06/01/06

STAT: ESC2

Issued in compliance with the Commission Order dated May 25, 2006 in C. 05-W-1097.

ESCROW ACCOUNT FOR CAPITAL IMPROVEMENTS
STATEMENT No. 2

The company is authorized to establish an escrow account to fund a capital improvement program estimated to cost \$72,000. These funds will be used for a reservoir repair and the replacement of the Del Vue Storage Tank. The work will be done in stages as funds become available in the escrow account. This account will be subject to the following conditions:

1. Each customer will be billed \$36.15 per quarter until \$72,000 is collected. The surcharge will be reduced in the final billing periods if the cost of the improvements is less than \$72,000. The company can not charge its customers more unless it is authorized to do so by the Commission.
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 expenses or reduce payments by customers needed to fund the account to its approved level.
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 Secretary's Office. In addition, the company may be required to submit, at Staff's request, prioritized plans for repairs and use of funds as well as additional account information.

Issued By: Richard Baum, President, PO Box 277, Callicoon, NY 12723
(Name of Officer, Title, Address)