

P.S.C. NO. 3 - WATER
KNOLLS WATER CO., INC.

STATEMENT TYPE: ESC2
STATEMENT NO. 5

INITIAL EFFECTIVE DATE: February 1, 2017

ESCROW ACCOUNT FOR UNEXPECTED EXPENSES

The Company shall maintain an interest-bearing escrow account with a maximum balance of \$20,000 (\$100.00 per quarter per customer) not including account interest, for the purpose of paying for unexpected expenses and/extraordinary repairs and capital improvements. The Company may bill customers no more than \$100.00 per quarter, until the maximum approved level of \$10,000 is reached. The account is 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 Company will have access to the funds in this account solely for the purposes noted above and any associated taxes.
3. After expending monies from this account, the Company will be permitted to bill all customers to bring the balance in the account to the approved level. The Company may not bill customers more than \$100.00 per quarter. The amount each customer is billed is determined by dividing the difference between the approved level and the balance in the account by the number of customers at that time. Whenever the Company replenishes the account, it will also collect any associated revenue taxes.
4. This account shall bear interest which shall remain in the account and be used to cover expenses or reduce payments the customers will have to make to replenish the account to its approved level.

Issued By: Andrew Sferra, President, PO Box 1283
Port Chester, NY 10573

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(continued)

5. If a customer terminates water service, he or she will be entitled to a refund equal to the balances in the account divided by the number of customers as of the date of termination. A new customer would be required to pay an amount equal to the balance in the account divided by the number of customers as of the date of service.
6. 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 Chief of Gas and Water Rates Section in the Office of Electric, Gas and Water, Department of Public Service, Three Empire State Plaza, Albany, NY 12223-1350.

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