

..DID: 9613

..TXT: PSC NO: 4 WATER STATEMENT TYPE: ESCW

COMPANY: BEAVER DAM LAKE WATER CORP. STATEMENT NO: 1

INITIAL EFFECTIVE DATE: 11/01/99

STAMPS:

Cancelled by Statement ESCW Number 2 Effective 11/01/1999

RECEIVED: 08/13/99 STATUS: Cancelled EFFECTIVE: 11/01/99

ESCROW ACCOUNT
STATEMENT NO. 1

The company is authorized to modify its existing escrow account. This account will be funded by means of a surcharge of \$50.00 per customer per quarter (plus the appropriate revenue taxes) for about 55 quarters. Funds in the account can be used for extraordinary repairs, to pay appropriate revenue taxes and fund the company's capital improvement program (estimated to cost about \$440,000 for the continuation of the company's main replacement and looping project and a new elevated storage tank). Because of the nature of the use of funds from the account, the account will not have a set upper limit. The escrow account will be subject to the following conditions:

1. This account should be kept in a separate account 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. Should the cost of the intended projects and any extraordinary repairs be greater than \$440,000, the additional cost shall be recoverable as an extension of the surcharge. Each customer may be billed \$50.00, plus the appropriate revenue taxes, per quarter for additional quarters until the funds have been obtained.
4. The 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.
5. If a customer terminates water service, he or she will be entitled to a refund equal to the balance in the account divided by the numbers 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, within 30 days after the end of each calendar year, copies of all bank statements and a complete accounting of the revenues and expenses for the account.

Issued By: Christopher Sherwood, President, 126 Shore Drive, New Windsor, NY 12553
(Name of Officer, Title, Address)