

..DID: 15957
..TXT: PSC NO: 3 WATER STATEMENT TYPE: ESC2
COMPANY: KNOLLS WATER CO., INC. STATEMENT NO: 1
INITIAL EFFECTIVE DATE: 09/01/01
STAMPS:
Cancelled by Statement ESC2 Number 2 Effective 01/01/2002
Effective date postponed to 11/01/01. See Supplement No. 2, 1
RECEIVED: 06/22/01 STATUS: Cancelled EFFECTIVE: 11/01/01

ESCROW ACCOUNT
STATEMENT NO. 1

An escrow account of \$25.00 per quarter was established to cover the cost of major renovations. This 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 water company will have access to the funds in this account solely for the purposes noted above and any associated taxes.
3. This account shall bear interest which shall remain in the account.
4. 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 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.
5. 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: Andrew Sferra, President, 70 Memorial Plaza, Pleasantville, NY 10570
(Name of Officer, Title, Address)