

..DID: 10400
..TXT: PSC NO: 4 WATER STATEMENT TYPE: ESCW
COMPANY: BEAVER DAM LAKE WATER CORP. STATEMENT NO: 2
INITIAL EFFECTIVE DATE: 11/01/99
STAMPS: Issued in compliance with Order in Case 99-W-1090 dated 10/29/99.
RECEIVED: 10/29/99 STATUS: Effective EFFECTIVE: 11/01/99

ESCROW ACCOUNT
STATEMENT NO. 2

The company is authorized to modify its existing escrow account. This account will be funded by means of a surcharge of \$50.00 for a single family house, \$100 for a two family house and \$150 for a three family house (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). The escrow account will be subject to the following conditions:

1. These funds, including any income earned by their investment, shall be maintained in an account separate from the company's other accounts, and shall be deposited in a highly liquid financial instrument(s) offered by the United States Government, or a responsible banking institution(s), where both the return of principal and any accrued interest is guaranteed.
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 surcharge will cease after 15 years unless otherwise directed by the Commission.
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 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, 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)