

..DID: 17979
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December 27, 2001

Honorable Janet Hand Deixler
Secretary
Public Service Commission
3 Empire State Plaza
Albany, New York 12223

Dear Secretary Deixler:

The enclosed amendments, issued by Knolls Water Co., Inc., to its Schedule P.S.C. No. 3 - Water, are transmitted for filing in compliance with the Commission Order dated December 24, 2001 in Case 01-W-0860 and Case 01-W-1195.

First Revised Leaf No. 5
Original Leaf No. 5.1
First Revised Leaf No. 10
First Revised Leaf No. 12
Operating Cushion Incentive Statement No. 1
Escrow Account for Major Renovations Statement No. 2
Escrow Account for Unexpected Expenses Statement No.2

Effective Date: January 1, 2002

Publication

Knolls Water Co., Inc. requests waiver of newspaper publication of the proposed changes since it plans to individually notify its customers of the proposed changes.

Very Truly Yours,

Andrew Sferra
Knolls Water Co., Inc.