

November 30, 2006

Jaclyn A. Brillling, Esq.
Secretary to the Commission
NYS Public Service Commission
3 Empire State Plaza
Albany, New York 12223-1350

Dear Secretary Brillling:

On behalf of Arbor Hills Waterworks, Inc. (Arbor Hills) enclosed is Escrow Account for Capital Improvements Statement No. 2 to P.S.C. No. 3 – Water to become effective March 1, 2007. This statement contains a one time surcharge of \$6,697 per customer or, if financing is obtained, a quarterly surcharge of \$670 per customer for a three-year period. This will enable the company to collect about \$450,000 needed to complete its capital improvement program.

Arbor Hills is also requesting approval to enter into a loan agreement with a group of its customers. The terms of the loan still have to be worked out however; the loan would be for about \$450,000 at an interest rate of 12% for a three year period. Staff will be provided with the terms of the loan as soon as they are available.

By this letter it is requested that the Staff of the Water Rates Section file the attached statement electronically with the Department of Public Service.

Arbor Hills also requests waiver of newspaper publication since it will be notifying its customers by mail.

Very truly yours,

Andrew Sferra
PO Box 424
Pleasantville, NY 10570