

Birch Hill Water Supply

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October 2, 2007

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Jaclyn Brilling, Esq.
Secretary to the Commission
NYS Public Service Commission
3 Empire State Plaza
Albany, NY 12223-1350

**SUBJECT: Case 06-W-0498 - Tariff filing of Birch Hill Water Supply Corporation
Proposed Escrow Account Statement No. 4**

Dear Secretary Brilling:

Escrow Account Statement No. 3 of the above-referenced proceeding provided for the continuation of a \$55 per customer surcharge to allow for ongoing redevelopment of the wells at Birch Hill Water Supply Company.

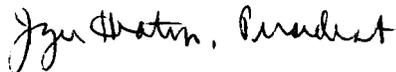
The purpose of this letter is to propose Escrow Statement No. 4, which would discontinue the \$55 per customer surcharge effective 1/1/08 and replace it with a \$195 per customer surcharge effective the same date and for a duration of four quarters. This will provide an additional \$53,073 to cover the costs associated with a water outage and to deepen the two wells currently in use by up to 300' each. This cost of this work, which is necessitated by an out-of-water situation, was not included as part of the redevelopment outlined in Escrow Statement No. 3. Enclosed please find three copies of the proposed Surcharge and Escrow Account Statement No. 4.

By this letter, Birch Hill files a revision to its surcharge. I am requesting a waiver to the requirement for newspaper publication because the customers have already been notified of the proposed increase. Enclosed please find a copy of my letter to customers, dated 10/1/07.

The company has been trucking in water to continue service to its customers since September 11, 2007. As of 9/27, seventeen loads of water have been delivered to the system. Due to the critical nature of this situation, I ask that Staff do everything possible to expedite this request.

Thank you in advance for your cooperation.

Very truly yours,



Joyce Heaton, President

/jeh

Enclosures

cc: Mr. Bill Bright, Hudson Valley Consulting
Ms. Joanne Green, PSC Staff
Mr. Al Natoli, Esq.