

P.S.C. No. 1 – Water
United Water New York Inc.
Initial Effective Date: June 26, 2008

Statement Type: RRC
Statement No. 2

REVENUE, PRODUCTION COST AND PROPERTY TAX RECONCILIATION AND ADJUSTMENT STATEMENT

Applicable to all Metered Customers.

In Case 06-W-0131 the Commission directed that the rates applicable to all metered Customer accounts, as defined above, be subject to automatic adjustment by way of a surcharge or credit based on the difference between the actual net metered revenues (operating revenues less production costs), and the revenue and production cost targets shown below. The Company will file this reconciliation within 60 days of the end of each rate year. Metered revenues are based on metered Customers' bill-rendered base rate. One third of the Adjustment Clause balance shall be recovered (or refunded) during the ensuing year from metered Customers. Target levels for revenues, production costs and property taxes for future years are shown in the following table.

Year Ending	December 31, 2007	December 31, 2008	December 31, 2009
Revenue Target	\$45,982,706	\$47,201,141	\$48,278,624
Production Target	\$4,512,807	\$4,626,511	\$4,726,500
Property Taxes	\$10,123,346	\$10,462,986	\$10,814,277

The surcharge or surcredit for the year ending December 31, 2008 is calculated as follows:

The actual net metered revenues for the year ended December 31, 2007 of \$46,025,962 is compared to the target levels set forth above. The difference, including accrued interest at the other Customer capital rate then in effect, results in a surcharge to Customers of \$177,384.

The amount to be surcharged to metered Customers derived from the calculation described above, during the ensuing year ending December 31, 2008, is: \$59,128.

In accordance with the property tax mechanism set forth in the Joint Proposal approved by the Commission in Case 06-W-0131, the PSC has permitted the Company to reconcile property taxes each year. For the rate year ended December 31, 2007, such reconciliation resulted in a surcredit to Customers of \$694,470.

As a result, the net surcredit to metered Customers, including all applicable taxes, is \$635,343.

The net surcredit will be billed to all metered Customers as a percentage of all metered Customers bills based on the Company's total metered sales revenues.

Issued in compliance with the Commission Order 06-W-0131 dated December 14, 2006.

Issued by: M.J. Pointing, V.P. & Gen. Mgr., 360 West Nyack Road, Nyack, NY 10994