

PSC No: 1 – Water
UNITED WATER NEW ROCHELLE INC.
Initial Effective Date: November 1, 2006

Statement Type: LTMRPS
Statement No. 1

LONG TERM MAIN REPLACEMENT PROGRAM SURCHARGE STATEMENT (LTMRPS)

Applicable to all Customers

I. General Description

Purpose: To recover the fixed costs (depreciation and pre-tax return) of rehabilitating and replacement of the Company's distribution system. The costs of extending facilities to serve new Customers are not recoverable through the LTMRP.

Eligible Property: The LTMRP-eligible property will consist of the following:

- ✍ main cleaning and relining (account 343) projects;
- ✍ mains and valves (account 343) installed as replacements for existing facilities that have worn out, or are in deteriorated condition.; and
- ✍ services (account 345) and hydrants (account 348) installed as in-kind replacements for Customers in connection with main replacement, and main cleaning and relining.

Effective Date: The LTMRP will become effective for bills rendered on and after September 1, 2000.

II. Computation of the LTMRP Surcharge

Calculation: The LTMRP will be updated on a semi-annual basis to reflect eligible plant additions placed in service during the six-month period ending forty-five (45) days prior to the effective date of each LTMRP update.

LTMRP Surcharge Amount: The charge will be expressed as a percentage carried to two decimal places, and will be applied to the total amount billed to each Customer under the Company's otherwise applicable rates and charges. The surcharge is subject to all revenue based taxes.

Formula: The formula for calculation of LTMRP Surcharge is as follows:

$$\text{LTMRP} = \frac{(\text{NRB} \times \text{Pre-Tax ROR} + \text{D})}{\text{AR}}$$

Where:

LTMRP	=	Long Term Main Replacement Program surcharge
NRB	=	the cost of the eligible plant, net of associated retirements, accumulated deferred income taxes and accumulated depreciation reserve
Pre-tax ROR	=	10.94 % Year One and updated annually on September 1 st of Years Two, Three and Four for changes in capital structure and debt costs
D	=	Annual depreciation on the net plant additions by asset class
AR	=	UWNR's projected annual metered and fire protection Revenues

Issued in compliance with the Commission Order in Case 04-W-1221 dated August 24, 2005.

Issued by: M.J. Pointing, V.P. & Gen. Mgr., 225 Palmer Ave., New Rochelle, NY 10801

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LONG TERM MAIN REPLACEMENT PROGRAM SURCHARGE STATEMENT (LTMRP) (Continued)

Semi-annual updates: Supporting data for each semi-annual update will be filed with the Commission at least forty-five (45) days prior to the effective dates of the update.

Effective with this statement, the surcharge is 1.28 %.

III. Safeguards

Audit/Reconciliation: The LTMRP will be subject to an annual audit. It will also be subject to annual reconciliation between the authorized collections and actual collections and filed with the Commission within sixty (60) days of the end of each rate year. Any over-collections or under-collections will accrue interest at the other customer capital interest rate established by the Commission each year. Adjustments for over and under collections will be reflected in the next LTMRP surcharge filing.

Customer Notice: Customers shall be notified of changes in the LTMRP by including appropriate information on the first bill they receive following any change. An explanatory bill insert shall also be included with the first billing.

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