

P.S.C. No. 1 – Water
United Water New York Inc.
Initial Effective Date: August 31, 2010

Statement Type: LTWSS
Statement No. 1

LONG TERM WATER SUPPLY PROJECT SURCHARGE STATEMENT (LTWSS)

Applicable to all Customers (metered and fire protection customers)

I. General Description

Purpose: The LTWSS surcharge will be used to recover the pre-tax return on costs associated with the Long Term Water Supply Project when the construction of full-scale facility commences. When the project is placed in service, the LTWSS surcharge will be expanded to recover depreciation, property taxes and prudently and reasonably incurred costs of additional personnel assigned to the operation of the facility.

Effective: The LTWSS Surcharge will become effective once actual construction begins.

II. Computation of the LTWSS Surcharge

Calculation: After construction commences the first LTWSS surcharge will reflect all capital costs related to the project through the effective date of the first surcharge. It will then be updated semi-annually to reflect the construction costs of the preceding six (6) months and will be submitted to Staff sixty (60) days prior to the effective date.

LTWSS Surcharge Amount: The charge will be expressed as a percentage carried to two (2) decimal places, and will be applied to the total amount billed to each customer under the Company's applicable rates and charges. The surcharge will be subject to all revenue based taxes.

Formula: The formula for the calculation of the LTWSS Surcharge is as follows:

$$\text{LTWSS Surcharge} = (((\text{CE} - \text{AD} - \text{ADIT}) \times \text{ROR}) + \text{D} + \text{P} + \text{PT}) / \text{PABR}$$

Where: CE = Capital Expenditures

AD = Accumulated Depreciation

ADIT = Accumulated Deferred Income Taxes

ROR = Pre-Tax Return as _____ %

D = Depreciation Expense

P = Payroll Expense associated with new positions to operate the facility

PT = Property Taxes

PABR = UWNYS projected annual metered and fire protection revenues

Filed in compliance with Commission Order in Case 09-W-0731, issued July 20, 2010.

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

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Effective with this statement, the surcharge is ____%.

III. Safeguards

Audit/Reconciliation: The LTWSS will be subject to an annual audit. It will also be subject to annual reconciliations 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 LTWSS surcharge filing.

Customer Notice: Customers shall be notified of changes in the LTWSS 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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