

P.S.C. No. 1 – Water  
 United Water Owego-Nichols Inc.  
 Initial Effective Date: January 1, 2011

Statement Type: DPO  
 Statement No. 1

**DEFERRED PENSION AND POSTRETIREMENT BENEFITS OTHER THAN PENSIONS**

Pursuant to the Commission Order issued in Case 07-W-0639, United Water Owego-Nichols deferred pension and postretirement benefits other than pensions (OPEB) will be recovered through a 1.27% surcharge applied on all customers' bills on a bills-rendered basis commencing January 1, 2011. The surcharge will expire after seven years or at such time the total amount is fully recovered.

Description: In Case 07-W-0639, State of New York Public Service Commission Staff was granted their request to pursue an audit of United Water Owego-Nichols (UWON) Deferred Pension and OPEB costs in a Phase II proceeding to the rate case. As a result of the audit, the amount of deferred pension and OPEB was determined to be \$252,752. Of this amount, accrued interest owed ratepayers of \$117,221, recorded to UWON's pension and OPEB internal reserve accounts will be offset against the \$252,752 of pension and OPEB deferrals. The remainder, \$135,531, will be amortized over a period of seven years, at \$19,361 per year. In order to recover this cost, UWON will be allowed to bill ratepayers for this amortization through a surcharge.

Per Cases 07-W-0639 and 07-W-0872:

Metered Service Revenues	\$1,353,461
Fire Protection Revenues	<u>166,614</u>
Assessable Revenues	<u>\$1,520,075</u>
Total Pension/OPEB Deferral Allowed	\$ 252,752
Applied Pension/OPEB Internal Reserve Interest	<u>(117,221)</u>
Amount Subject to Recovery Through Surcharge	<u>135,531</u>
Amortization Period (7 Years)	<u>\$ 19,361</u>
Surcharge Percentage	<u>1.27%</u>

Filed in compliance with Commission Order in Case 07-W-0639, issued April 13, 2010.