

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE
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January 29, 2008

Mr. Kevin H. Doherty
Manager of Rates
United Water
200 Old Hook Road
Harrington Park, NJ 06740

Re: Case 04-W-1221 - United Water New Rochelle – Long Term Main Renewal
Project Surcharge

Dear Mr. Doherty:

In Case 04-W-1221, the Commission allowed United Water New Rochelle (UWNR or the company) to spend up to \$2.5 million per year on Long Term Main Renewal Project (LTMRP) work with a cumulative \$8.0 million cap over the four year term of the rate plan (9/1/05 – 8/31/09). The rate plan allows the company to recover its LTMRP expenditures through a surcharge adjusted semi-annually, subject to verification by Staff.

On December 20, 2007, the company provided documentation to support project expenditures of \$748,636 for the period ending 12/31/07 to be surcharged in Rate Year 3 and calculated that the resultant LTMRP surcharge should be increased from 2.28% to 2.71%. The specific projects covered included the installation and replacement of 1,186 feet of old and undersized mains on Water Street and the cleaning and lining of 2,500 feet of 16 inch cast iron main on Mayflower Avenue and North Avenue in New Rochelle. Work for these projects was completed in the spring of 2007.

Staff reviewed the company's filing including the vendor invoices and the method for calculating the surcharge amount and included LTMRP under-collection of \$21,758 from Rate Year 2. As a result the company may increase the LTMRP surcharge to 2.80% effective February 3, 2008.

Mr. Kevin H. Doherty

January 29, 2008

If you have any questions, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Arthur Gordon".

Arthur Gordon
Chief, Water Rates Section
Office of Electric, Gas and Water

cc: Kevin Manz, Utility Engineer 2
Mary Ferrer, Junior Engineer
M. Pointing, United Water