

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE
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May 19, 2008

Mr. Kevin H. Doherty
Manager of Rates
United Water
200 Old Hook Road
Harrington Park, NJ 07640

Re: United Water New York, Inc. (UWNY) --
New Water Supply Source Surcharge (NWSS) -- C. 06-W-0131

Dear Mr. Doherty:

In Case 06-W-0131, the Commission allowed UWNY to develop a new water supply source surcharge (NWSS) to recover appropriate capital costs associated with new water supply projects placed in service on, or after, January 1, 2007. The rate plan allows the company to recover its NWSS expenditures through a surcharge, subject to verification by Staff.

On April 7, 2008 and May 14, 2008, the company provided documentation to support project expenditures of approximately \$2.047 million for projects completed by the December 31, 2007 milestone. The specific projects included well pump replacements for the bedrock wells at Monsey 31A, Viola 28 and 106, Elmwood 66, New City 23 and Pearl River 22, and also included the installation of new turbine pumps at the Viola Well 28 booster pump station. In addition, the company completed construction of the Sparkill Groundwater Treatment Facility consisting of an air stripper and appurtenances for removal of volatile organic compounds at Sparkill Wells 8 and 11. The company also included an invoice relating to Wessel Well 32 that was omitted from their previous NWSS surcharge filing of October 15, 2007.

Staff reviewed the company's filing including the vendor invoices and the method for calculating the surcharge amount and found it to be in compliance with the specific NWSS surcharge requirements. The recovery mechanism will be based on projected revenues from metered water sales of \$47,201,141 for the year ending December 31, 2008, using a surcharge

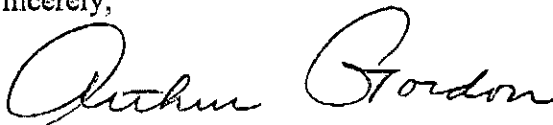
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percentage of 1.39%. As a result, Staff recommends that the surcharge be allowed to automatically go into effect May 22, 2008 as prescribed by the agreement. Finally, it should be noted that NWSS surcharges are subject to an annual audit and reconciliation.

If you have any questions, please let me know.

Sincerely,



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

cc: M. Gennari, United Water
M. Pointing, United Water