

Michael Pointing
Vice President & General Manager

UNITED WATER NEW Rochelle
225 Palmer Avenue,
New Rochelle, NY 10801
Tel: 914-362-5307
Facsimile 914-637-5333
e-mail michael.pointing@unitedwater.com



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Mr. James T.B. Tripp, Chair
New York City Water Board
59-17 Junction Blvd., 8th Floor
Flushing, New York 11373-5106

Dear Chairperson Tripp:

United Water New Rochelle (UWNR) would like to take this opportunity to comment on the proposed increase in the rate charged to upstate customers of the New York City Water Board for the 2008 rate year. Although UWNR has experienced rate increases for several years, the increase proposed for this coming year of 15.4% following a 12% increase the previous year, is excessive and will be difficult to justify to our customers and to the New York State Public Service Commission. In the short time available between the receipt of the cost study and the public hearing, UWNR has noticed the following items that should be addressed before the Board formally adopts the rate increase. There may be other issues that would be discovered through a more detailed review.

1) Consumption:

United Water New Rochelle (UWNR) has concerns over the methodology used to project system wide usage. While consumption normally fluctuates due to external drivers such as weather, UWNR agrees that conservation methods and devices implemented through the 1990's have impacted base usage. However, this decline cannot continue forever and as evidenced by the most recent years, the rate of decline is slowing. The simple regression analysis used in the May, 2007 Report for setting this increase does not take this saturation level into consideration and is inconsistent with previous years analysis.,

2) Impact from the purchase of the Aquarion Water Company of NY

On page 20, 2.1, the report states that future impacts to upstate consumption is being discussed. One potential impact mentioned is "the effects of United Water New Rochelle's acquisition of the former service territory of Aquarion Water Company of New York."

United Waterworks has acquired the former service territory of Aquarion Water Company of New York now known as United Water Westchester. Prior to this acquisition Aquarion NY purchased water through Westchester Joint Waterworks to

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serve their customers. The water purchases based on existing customer demands used by the Aquarion Water Company will continue under United Water Westchester ownership

3) Miscellaneous Revenues:

The current Report uses an amount of \$1,125,793 (Table 7) as a projected annual amount of miscellaneous revenue for Rents/Permits. UWNR believes the Miscellaneous Revenues which would reduce the cost to upstate customers is understated. The NYCWB Report uses an average for this piece of the Miscellaneous Revenues, rather than the regression analysis used in its consumption projections. Using the average and being inconsistent with other trending methods employed here, understates the amount by \$518,148. The trend for the past thirteen years of \$1,643,941 is the appropriate level to use in this analysis.

United Water New Rochelle thanks the Board for the opportunity to comment on its proposed increase prior to the Board's adoption of these rates and urges the Board to carefully consider the impact of the proposed rates on the upstate suppliers and their customers. If you or other members of the Board wish to discuss any items of this letter, please contact me at (845) 620-3312.

Very truly yours,



Michael J. Pointing
Vice President and General Manager

cc: Mark Gennari
Caryl Jersey
Bruce Alch, NYSPSC