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November 15, 2006

CC: LTMRP file
Order Book
KHD - info.
CDJ - Janiff + UBS
change

Mr. Mark Gennari
Director Regulatory Business
United Water Management and Services
200 Old Hook Road
Harrington Park, NJ 07640

SUBJECT: United Water New Rochelle (UWNR) – Long Term Main Renewal Project
(LTMRP) Surcharge - Case 04-W-1221

Dear Mr. Gennari;

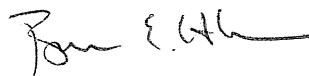
In Case 04-W-1221, the Commission allowed UWNR to spend up to \$2.5 million per year on LTMR work with a cumulative \$8.0 million cap over the four year term of the rate plan. The rate plan allows the company to recover its LTMRP expenditures through a surcharge, subject to verification by Staff.

On October 19, 2006 the company provided documentation to support project expenditures of \$0.494 million and calculated that if "approved", as filed, the resultant LTMRP surcharge would be increased from 1.28% to 1.59%. The specific projects covered under the instant request included the installation and replacement of approximately 1,200 feet of old main on Cliff Road in the UWNR service area. Work for these projects was completed in the Spring of 2006.

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 LTMRP surcharge requirements. As a result the company may increase the LTMRP surcharge to 1.59% starting with the December 7, 2006 billing cycle, as requested. Finally, it should also be noted that LTMRP surcharges are subject to an annual audit and reconciliation.

If I can be of further assistance, please let me know.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bruce E. Alch". The signature is fluid and cursive, with a long horizontal stroke at the end.

Bruce E. Alch
Principal Engineer
Water Rates Section
Office of Gas and Water

cc: W. Hill, UWM&S
A. Gordon, Chief, Water Rates Section