

P.S.C. No. 1 – Water

Statement Type: RRC

United Water New York Inc.

Statement No.____

Initial Effective Date: _____

REVENUE, PRODUCTION COST AND PROPERTY TAX RECONCILIATION ADJUSTMENT STATEMENT

Applicable to all Metered Customers:

According to the terms and conditions of the Commission's Order issued in Case 09-W-0731, issued and effective_____, the existing Reconciliation will continue with the modifications to production costs described below. The rates applicable to all metered customer accounts is subject to automatic adjustment by way of a surcharge or a credit, based on the difference between the actual net revenues (operating revenues less production costs) for the preceding rate year and the net revenue target as estimated in the most recent rate case. One third of the difference is added to one third of the differences for each of the two preceding years to arrive at the surcharge (or credit) to be recovered (or refunded) over the ensuing 12 month period. The surcharge or the credit will be a percentage of the customer's bills and will be based on the projected revenues from metered water sales for the next succeeding rate year. The production costs have been modified as follows: (1) the production cost will include the cost of sludge removal (a target established in this rate proceeding) in addition to the cost for power, chemicals and purchased water; (2) if actual costs are less than the target for each year, 100% of the difference will be deferred and refunded through the Reconciliation (3) if actual costs exceed the target levels shown below, 95% of the difference for power and chemicals and 100% for purchase water and sludge removal will be deferred and recovered through the Reconciliation.

<u>Year Ending</u>	<u>August 31, 2011</u>	<u>August 31, 2012</u>	<u>August 31, 2013</u>
Revenue Target	\$ 57,467,933	\$ 63,120,264	\$ 66,758,251
Production Cost	\$ 5,216,458	\$ 5,449,385	\$ 5,699,536
Property Tax Cost	\$ 11,866,123	\$ 14,952,382	\$ 16,336,597

The surcharge or credit for the rate year ending August 31, _____ derived from the calculation described above is_____.

In accordance with the property tax mechanism set forth in the Joint Proposal approved by the Commission in Case 09-W-0731, the PSC has permitted the Company to reconcile property taxes each year. For the rate year ended August 31, _____, such reconciliation resulted in a surcharge or a credit to customers of \$_____.

In accordance with the terms set forth in Section VI of the Joint Proposal approved by the Commission in Case 09-W-0731, the Company is required to defer any actual revenues above the estimated antenna site rental revenues included in the Company's revenue requirement. The amount to be netted to the net Revenue and Property Tax surcharge or credit for the Rate Year ended is \$_____.

Filed in compliance with Commission Order in Case 09-W-0731, issued July 20, 2010.

Issued by: M.J. Pointing, V.P. & Gen. Mgr., 360 West Nyack Road, West Nyack, NY 10994

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**REVENUE, PRODUCTION COST AND PROPERTY TAX RECONCILIATION
ADJUSTMENT STATEMENT
(continued)**

A net surcharge or credit of _____% which is based on the Company's total metered sales revenues will be billed to all metered customers over the 12 month period following the effective date of the surcharge.

The reconciliations will continue beyond the end of the Rate Plan at the third rate year targets until new target levels are set in the next rate proceeding.

The RAC reconciliations will be submitted to the Director of the Office of Electric, Gas and Water within 60 days following the completion of each Rate Year. The submitted net surcharge or credit will go into effect 45 days after submittal unless Staff submits a letter to the Company indicating the submitted Reconciliation amounts should be adjusted.

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