

**STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE
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December 15, 2011

Caryl D. Jersey
Senior Regulatory Specialist
United Water New York
200 Old Hook Road
Harrington Park, New Jersey 07640

Subject: Case 09-W-0828 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of United Water Westchester Inc. for Water Services.

Case 09-W-0778 – Petition of United Water Westchester Inc., to Defer Costs Plus Additional Expenses and Accrued Interest for Treatment in its next rate case.

Dear Ms. Jersey:

This is in response to your letter dated September 30, 2011, and attached worksheet, detailing the calculation for the amount deferred for purchased water costs resulting from increases from the New York City Water Board and the outcome of the company's protest of the Westchester Joint Water Works 164% increase to the cost of water.

Staff of the Department's Water Rates Section and the Office of Accounting and Finance have reviewed the calculation and concur that the company should recover the remaining balance of \$997,665 including interest for increases in purchased water, resulting in an increase of the current surcharge of 2.03% to 4.29%, of the authorized rate year revenue to be applied to all metered customers, effective January 1, 2012 through October 31, 2013, the end of the three year rate plan, or until such time the full amount is recovered.

The company may file the Deferred Purchased Water Statement No. 2 to its electronic tariff schedule PSC No.1- Water, containing the 4.29% surcharge, effective January 1, 2012. If you have any questions, do not hesitate to contact me at (212)-417-2321.

Sincerely yours,

James Evensen
Chief, Water Rates Division
Office of Electric, Gas, and Water

Cc: Raj Addepalli, Deputy Director
Joe Lochner, Chief, Office of Accounting and Finance
Valerica Oreifej, Utility Engineer 2