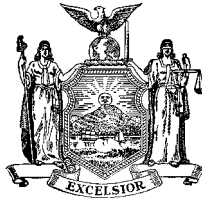


**STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE**  
**THREE EMPIRE STATE PLAZA, ALBANY, NY 12223-1350**  
Internet Address: <http://www.dps.state.ny.us>

**PUBLIC SERVICE COMMISSION**

**WILLIAM M. FLYNN**  
*Chairman*  
**THOMAS J. DUNLEAVY**  
**LEONARD A. WEISS**  
**NEAL N. GALVIN**  
**PATRICIA L. ACAMPORA**



**DAWN JABLONSKI RYMAN**  
*General Counsel*  
**JACLYN A. BRILLING**  
*Secretary*

August 9, 2007

Mr. Kevin H. Doherty  
Manager of Rates  
United Water  
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. Doherty;

In Case 04-W-1221, the Commission allowed UWNR to spend up to \$2.5 million per year on LTMRP 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 June 29, 2007 the company provided documentation to support project expenditures of approximately \$1.616 million and calculated that the resultant LTMRP surcharge would be increased from 1.59% to 2.28%. The specific projects covered under the instant request included the installation and replacement of approximately 2,104 feet of old and undersized mains, along with associated fire hydrants and services, and the cleaning and lining of 5,000 feet of 16" cast iron main at various streets in the City of New Rochelle. Work for these projects was completed in the fall 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 2.28% effective August 15, 2007, 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,

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

cc: M. Pointing, United Water  
M. Gennari, United Water  
A. Gordon, Chief, Water Rates Section