

February 28, 2007

Filed Electronically

Jaclyn Brilling, Secretary
New York State Public Service Commission
3 Empire State Plaza
Albany, NY 12223-1350

**RE: New York Water Service Corporation
Case No. 06-W-0700**

Dear Secretary Brilling:

In accordance with Ordering Paragraph No. 2 of the "Order Approving Rate Plan Extension and Surcharge" issued and effective on January 22, 2007 in the above-referenced case, I have enclosed for filing Statement No. 1 to P.S.C No. 12-Water for New York Water Service Corporation.

It is the Company's understanding that the rate plan extension and the DISC surcharge mechanisms were intended to be companion mechanisms to operate such that the Company's erosion in earnings caused by the rate plan extension would be mitigated by the implementation of the DISC surcharge. As such, the tariff leaf, Statement No. 1, notes that "the DISC will become effective for bills rendered on and after May 1, 2008", the first day of the rate plan extension. Thus, the Company proposes to file its first DISC surcharge 15 days after the Demott will is in service or March 1, 2008, whichever is later, with the understanding that Staff has 45 days thereafter to verify the data on the Company's filing.

The Company has made one additional change to the tariff leaf that was attached as Attachment I to the above-referenced order. Because the denominator includes "projected annual metered and fire protections revenue", the DISC surcharge will be applied to both metered customers and fire protection customers.

Very truly yours,

Kathy L. Pape
Vice President, Treasurer and
Rate Counsel

KLP/kab

Enclosure

cc: Saul Rigberg, Esquire
Bruce Alch
Kevin Higgins