

John T. Dillon
Senior Corporate Attorney – Regulated Operations

UNITED WATER
200 Old Hook Road
Harrington Park, NJ 074640
TEL 201-767-2811
FAX 201-767-7018
John.dillon@unitedwater.com
WWW.UNITEDWATER.COM



VIA ELECTRONIC FILING / FEDEX

February 11, 2014

Hon. Kathleen H. Burgess
Secretary

New York State Department of Public Service
Three Empire State Plaza
Albany, New York 12223

Hon. Kristi Izzo
Secretary

New Jersey Board of Public Utilities
44 South Clinton Avenue
Trenton, New Jersey 08625

Re: Lake DeForest Reservoir Cost Allocation Agreement Amendment

Dear Secretary Burgess and Secretary Izzo:

United Water New York Inc. (“UWNY”) and United Water New Jersey Inc. (“UWNJ”) are engaged in the business of supplying water to customers of the Hackensack River Basin in the States of New York and New Jersey, respectively. The attached Lake DeForest Reservoir Cost Allocation Agreement Amendment (“Agreement Amendment”) would extend an agreement that, through a series of amendments, dates back to when Lake DeForest was being constructed in 1954.

UWNY submits the Agreement Amendment to the New York State Public Service Commission pursuant to New York State Public Service Law Section 110. UWNJ submits the Agreement Amendment to the New Jersey Board of Public Utilities pursuant to N.J.S.A. 48:3-7.1. Please accept this letter in lieu of a more formal filing.

UWNY and UWNJ submit the following information in support of the respective filings:

1. UWNY owns and operates the Lake DeForest Reservoir, consisting of the storage reservoir, dam, and treatment works on the Hackensack River in the Town of Clarkstown, County of Rockland, in the State of New York, for the benefit of itself, the Village of Nyack, and UWNJ (UWNY’s parent company).
2. The Village of Nyack and UWNJ have utilized the Hackensack River to supply water to their customers / residents for over 100 years.
3. Spring Valley Water Company (which UWNY was formerly known as) and Hackensack Water Company (which UWNJ was formerly known as) entered into a certain Agreement dated September 24, 1993 (the “Agreement”), which Agreement was a successor to an agreement dated August 4, 1989, which in turn was a successor to the original Lake

Hon. Kathleen H. Burgess
Hon. Kristin Izzo
February 11, 2014
Page 2 of 2

DeForest Agreement dated August 4, 1954, all of which provided for the allocation of the Annual Operating Charge for the operation of Lake DeForest Reservoir, and the payment of an Annual Payment by Hackensack Water Company / UWNJ to Spring Valley Water Company / UWNJ in connection with the operation of Lake DeForest Reservoir.

4. The Agreement Amendment recognizes that Lake DeForest Reservoir was developed as a regional water supply for the benefit of the residents of Rockland County, New York and the residents of Bergen County, New Jersey. The safe yield of Lake DeForest Reservoir has not changed and, therefore, the Agreement Amendment keeps the existing cost allocation methodology.

5. The only material change to the September 24, 1993 Agreement effected by the Agreement Amendment is to accommodate for the implementation of a Spill Skimming initiative. The Spill Skimming initiative will allow, but not require, UWNJ to, on a cost-neutral basis, draw certain amounts of additional water from Lake DeForest Reservoir during periods when water is plentiful and pursuant to a protocol prepared in consultation with and approved by the New York State Department of Environmental Conservation (“NYSDEC”) and the New Jersey Department of Environmental Protection (“NJDEP”).

6. The term of the Agreement Amendment is twenty (20) years, unless previously terminated. It is conditioned upon the approval of the New York State Public Service Commission and the New Jersey Board of Public Utilities, respectively, if such approval is required.

Both UWNJ and UWNJ believe that this Agreement Amendment continues the equitable allocation of costs related to the maintenance and operation of the Lake DeForest Reservoir between the customers of the two companies. At the same time, through the addition of language to accommodate a Spill Skimming initiative in a cost-neutral manner, it will provide UWNJ with greater operational flexibility at no detriment to UWNJ or its customers.

UWNJ and UWNJ thank the New York State Public Service Commission and the New Jersey Board of Public Utilities for their consideration.

Respectfully submitted,



John T. Dillon
Senior Corporate Attorney – Operations
United Water

attachments

cc: Michael J. Pointing
David Stanton
James Cagle
Kelly K. Ruggiero, Esq.