91-M-0890
Reports
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United Water
SUEZ

2007 OCT 16 PM 3:28

Via FedEx

October 15, 2007

Honorable Jaclyn A. Brilling, Secretary
State of New York
Department of Public Service
Three Empire State Plaza
Albany, NY 12223

Re: United Water Owego Pension and Post Retirement Benefits Other Than Pension (OPEB) Reconciliations and Internal Reserves for the Rate Years Ended December 2006, 2005, 2004, 2003, 2002, 2001, 2000 and 1999

Dear Secretary Brilling:

In accordance with the "Statement of Policy and Order Concerning the Accounting and Ratemaking Treatment for Pensions and Postretirement Benefits Other than Pensions" (SOP) in Case 91-M-0890, enclosed please find five (5) copies of the above referenced reconciliations, internal reserves and supporting workpapers for the calculations.

Enclosed is a summary of the deferred pension and other postretirement benefits (OPEB) for the rate years January 1999 through December 2006. The deferral represents the difference between actual pension and OPEB expense per the Company's actuary and the amount authorized in Case No. 98-W-0479. Additionally, a monthly worksheet for the year 2006 is included for deferred pension and OPEB to support the annual amounts reflected on the summary sheets.

Also, in accordance with SOP, the Pension and OPEB Internal Reserve worksheets are included.

Please contact me at the number listed above or e-mail me at Thomas.Lippai@Unitedwater.com with any concerns, questions or requests for additional information.

Very Truly Yours,

Thomas G. Lippai

Thomas G. Lippai
Regulatory Specialist

Attachment

cc: W. Becker
M. Gennari
M. Graham-Kolkhorst
K. Khateeb

United Water Owego

Pension Reconciliation Summary

For Rate Years

January – December 1999

Through

January – December 2006

United Water Owego
Pension Reconciliation Summary
Rate Years Ended 12/31/2006, 12/31/2005, 12/31/2004, 12/31/2003, 12/31/2002, 12/31/2001, 12/31/2000 and 12/31/1999

FUNDED PENSION PER RATE CASE 98-W-0479		12/31/2006	12/31/2005	12/31/2004	12/31/2003	12/31/2002	12/31/2001	12/31/2000	12/31/1999
Pension Expense Per Actuary	91500	$ 56,834	$ 63,900	$ 63,490	$ 59,050	$ 39,136	$ 13,809	$ 639	$ (11,236)
Actuary Adjustment		$ (3,543)							
Total Pension Expense Per Actuary		53,291	63,900	63,490	59,050	39,136	13,809	639	(11,236)
Less:									
Capitalized		2,394	4,715	3,628	4,838	3,676	1,229	44	(196)
Transferred Out		7,504							
Total Capitalized/Transferred Out		9,898	4,715	3,628	4,838	3,676	1,229	44	(196)
Net Actuarial Pension		43,393	59,185	59,862	54,212	35,460	12,580	595	(11,040)
Monthly Rate Allowance	(a)	(5,300)	(5,300)	(5,300)	(5,300)	(5,300)	(5,300)	(5,300)	(5,300)
Monthly Deferred Difference		$ 48,693	$ 64,485	$ 65,162	$ 59,512	$ 40,760	$ 17,880	$ 5,895	$ (5,740)
- if deferred amount positive	18611 / 91560								
- if deferred amount negative	91560 / 18611								
Cumulative Deferred Difference		$ 296,648	$ 247,955	$ 183,470	$ 118,307	$ 58,795	$ 18,035	$ 155	$ (5,740)

United Water Owego
Capitalization Percentage
Used for the Pension/OPEB Reconciliation Worksheets

	2006	2005	2004	2003	2002	2001	2000	1999
Total Labor	Monthly	183,203	175,998	167,467	162,998	146,300	183,359	183,150
Labor Capitalized	Computed	13,518	10,057	13,720	15,311	13,017	12,688	3,200
Capitalization Percentage	Amount	7.38%	5.71%	8.19%	9.39%	8.90%	6.92%	1.75%

Amounts above for the years 1999 through 2006 are per the Annual BPU Reports.
The year 2006 was computed using monthly "general labor reports" in PeopleSoft and sorted accordingly by capitalized and labor transferred out.

United Water Owego

Pension Reconciliation

And

Internal Reserve

For the Rate Year January 2006 to December 2006

United Water Owego - 00046
Pension Reconciliation Worksheet
For The Rate Year Ended December 31, 2006

Pension	Account #	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total
Pension Expense Per Actuary		$ 5,550	$ 5,550	$ 5,550	$ 4,436	$ 4,436	$ 4,436	$ 4,436	$ 4,436	$ 4,436	$ 4,522	$ 4,523	$ 4,523	$ 56,834
Actuary Adjustment				$ (3,540)	$ 198					$ (198)		$ (3)		(3,543)
Total Pension Expense Per Actuary		5,550	5,550	2,010	4,634	4,436	4,436	4,436	4,436	4,239	4,522	4,520	4,523	53,291
Less:														
Capitalized		223	207	547	251	355	201	190	167	136	96	214	151	2,738
Transferred Out		803	696	146	684	557	627	639	708	681	859	600	597	7,597
Sub-Total Capitalized/Transferred Out		1,026	903	693	935	912	828	829	875	817	955	814	748	10,335
Capitalized Adjustment				(349)	11					(6)		(0)		(344)
Transferred Out Adjustment				(93)	30					(30)		(0)		(93)
Sub-Total Adjustments		0	0	(442)	42	0	0	0	0	(36)	0	(1)	0	(437)
Total Capitalized/Transferred Out		1,026	903	251	977	912	828	829	875	781	955	813	748	9,897
Total Net Actuarial Amount		4,524	4,647	1,759	3,657	3,524	3,608	3,607	3,561	3,458	3,567	3,707	3,775	43,394
Monthly Rate Allowance	**(a)**	(442)	(442)	(442)	(442)	(442)	(442)	(442)	(442)	(442)	(442)	(442)	(442)	(5,300)
Monthly Deferred Difference		4,966	5,089	2,201	4,099	3,966	4,050	4,049	4,003	3,900	4,009	4,148	4,217	48,694
- if deferred amount positive	18611 / 91560													
- if deferred amount negative	91560 / 18611													
Prior Period Carryforward		$247,955												
Cumulative Deferred Difference		$252,921	$258,010	$260,210	$264,309	$268,275	$272,324	$276,373	$280,376	$284,275	$288,284	$292,432	$296,649	

Notes:
(a) Case # 98-W-0479 Commission Order Issued 12/31/1998

United Water Owego - 00046
Pension Internal Reserve Account and
Calculation of Accrued Interest on Internal Reserve Balance

Years	Beginning Internal Reserve Balance	(a) Authorized Rate Allowance	Capitalized / Trnsfr Out Pension Costs	A/C# 18701 Payments To Trustee	(b) Recovery Deferred Debit Amortization	Ending Internal Reserve Balance	Average Book Balance	Average Book Balance Net of Tax	(c) Pre-Tax ROR	Monthly Accrued Interest	Ending Internal Reserve w/ Interest	Less Capital & Payments To Ratepayers	Cumulative Internal Reserve Balance	Monthly Internal Reserve Amount
Rate Year 1999	$0	$5,300	$196			$5,496	$2,748	$1,649	11.38%	$0	$5,496		$5,496	5,496
Rate Year 2000	$5,496	$5,300	($44)			$10,752	$8,124	$4,874	11.38%	$0	$10,752		$10,752	5,256
Rate Year 2001	$10,752	$5,300	($1,229)			$14,823	$12,788	$7,673	11.38%	$0	$14,823		$14,823	4,071
Rate Year 2002	$14,823	$5,300	($3,676)			$16,447	$15,635	$9,381	11.38%	$0	$16,447		$16,447	1,624
Rate Year 2003	$16,447	$5,300	($4,838)			$16,909	$16,678	$10,007	11.38%	$0	$16,909		$16,909	462
Rate Year 2004	$16,909	$5,300	($3,628)			$18,581	$17,745	$10,647	11.38%	$0	$18,581		$18,581	1,672
Rate Year 2005	$18,581	$5,300	($4,715)	$7,625		$26,791	$22,686	$13,612	11.38%	$0	$26,791		$26,791	8,210
Jan-06	$26,791	$442	($1,026)			$26,207	$26,499	$15,900	11.38%	$0	$26,207		$26,207	(584)
Feb-06	$26,207	$442	($903)			$25,746	$25,977	$15,586	11.38%	$0	$25,746		$25,746	(461)
Mar-06	$25,746	$442	($251)			$25,937	$25,842	$15,505	11.38%	$0	$25,937		$25,937	191
Apr-06	$25,937	$442	($977)	$5,368		$30,771	$28,354	$17,012	11.38%	$0	$30,771		$30,771	4,833
May-06	$30,771	$442	($912)			$30,301	$30,536	$18,322	11.38%	$0	$30,301		$30,301	(470)
Jun-06	$30,301	$442	($828)			$29,915	$30,108	$18,065	11.38%	$0	$29,915		$29,915	(386)
Jul-06	$29,915	$442	($829)			$29,528	$29,721	$17,833	11.38%	$0	$29,528		$29,528	(387)
Aug-06	$29,528	$442	($875)			$29,095	$29,311	$17,587	11.38%	$0	$29,095		$29,095	(433)
Sep-06	$29,095	$442	($781)	$1,275		$30,031	$29,563	$17,738	11.38%	$0	$30,031		$30,031	936
Oct-06	$30,031	$442	($955)			$29,518	$29,775	$17,865	11.38%	$0	$29,518		$29,518	(513)
Nov-06	$29,518	$442	($813)			$29,147	$29,332	$17,599	11.38%	$0	$29,147		$29,147	(371)
Dec-06	$29,147	$442	($748)			$28,841	$28,994	$17,396	11.38%	$0	$28,841		$28,841	(306)

	Dr a/c#	Cr. a/c#
If Monthly Int Reserve Amt is Positive	18612	25311

References:

(a) Case # 98-W-0479 Commission Order Issued 12/31/1998

United Water Owego

Pension Expense Per Actuary Reports

Years 1999 - 2006

UNITED WATER RESOURCES

Components of 1999 Net Periodic Pension Cost

Exhibit I - B

	Qualified Plans - United Water Resources Inc. Retirement Plan					
	United Waterworks Inc.					
	Owego	Toms River	Connecticut	Pennsylvania	Indiana	Florida
Service Cost	13,050	82,123	33,935	137,557	21,488	254,092
Interest Cost	29,799	187,626	46,057	381,925	49,785	417,887
Expected Return on Plan Assets	(49,357)	(278,333)	(64,077)	(605,978)	(78,640)	(609,556)
Amortization of Unrecognized Prior Service Cost	(2,109)	(9,975)	(2,696)	(12,361)	(1,581)	(27,356)
Amortization of Unrecognized Net (Gain)/Loss	(2,619)	0	0	0	0	0
Amortization of Unrecognized Net Obligation/(Asset)	0	0	0	0	0	(15)
Total Expense/(Income)	(11,236)	(18,559)	13,219	(98,857)	(8,948)	35,052
Average Remaining Service Period	13.29	12.66	14.90	13.48	17.71	15.91

UNITED WATER RESOURCES

Components of 2000 Net Periodic Pension Cost

Exhibit I - B

	Qualified Plans - United Water Resources Inc. Retirement Plan					
	United Waterworks Inc.					
	Owego	Toms River	Connecticut	Pennsylvania	Indiana	Florida
Service Cost	10,852	49,321	28,779	110,790	1,481	156,512
Interest Cost	42,769	222,868	53,304	433,886	46,127	479,106
Expected Return on Plan Assets	(52,288)	(294,525)	(69,160)	(647,368)	(80,584)	(647,162)
Amortization of Unrecognized Prior Service Cost	(2,035)	(9,448)	(2,638)	(11,861)	(132)	(26,481)
Amortization of Unrecognized Net (Gain)/Loss	1,341	(7,272)	(3,255)	(39,052)	(1,521)	(30,302)
Amortization of Unrecognized Net Obligation/(Asset)	0	0	0	0	0	(16)
Total Periodic Expense/(Income)	639	(39,056)	7,030	(153,605)	(34,629)	(68,343)
One Time Impact of Divestiture	0	0	0	0	(93,002)	0
One Time Impact of Window	198,056	112,875	111,947	897,252	0	670,773
One Time Impact of Change of Control	0	0	0	0	0	0
Total Expense/(Income)	198,695	73,819	118,977	743,647	(127,631)	602,430
Average Remaining Service Period	12.38	14.06	15.29	12.81	16.54	17.38

UNITED WATER

Components of 2001 Net Periodic Pension Cost

Exhibit I - A

	Qualified Plans - United Water Resources Inc. Retirement Plan					
	United Waterworks Inc.					
	Idaho	Arkansas	Lambertville	New Rochelle	Owego	Toms River
Service Cost	80,499	45,497	4,132	23,080	6,194	43,017
Interest Cost	374,730	330,457	24,066	260,263	52,414	222,642
Expected Return on Plan Assets	(466,098)	(420,221)	(35,966)	(514,914)	(47,579)	(272,593)
Amortization of Unrecognized Prior Service Cost	(9,689)	(5,583)	(2,913)	(2,800)	(1,661)	(9,190)
Amortization of Unrecognized Net (Gain)/Loss	(13,253)	0	0	(102,174)	4,441	0
Amortization of Unrecognized Net Obligation/(Asset)	(470)	0	0	0	0	0
Effects of Settlements / Curtailments	0	0	0	0	0	0
Total Periodic Expense/(Income)	(34,281)	(49,850)	(10,681)	(336,545)	13,809	(16,124)
Average Remaining Service Period	15.10	17.70	15.80	17.25	15.24	13.35

UNITED WATER

Components of 2002 Net Periodic Pension Cost

Exhibit I - A

	Qualified Plans - United Water Resources Inc. Retirement Plan					
	United Waterworks Inc.					
	Idaho	**Arkansas**	**Lambertville**	**New Rochelle**	**Owego**	**Toms River**
Service Cost	115,028	70,393	5,634	28,280	8,832	54,658
Interest Cost	378,831	329,748	24,150	253,099	51,471	228,889
Expected Return on Plan Assets	(383,521)	(342,073)	(29,415)	(458,698)	(36,633)	(226,629)
Amortization of Unrecognized Prior Service Cost	(9,689)	(5,583)	(2,913)	(2,800)	(1,661)	(9,190)
Amortization of Unrecognized Net (Gain)/Loss	0	17,576	4,681	(12,035)	17,127	23,842
Amortization of Unrecognized Net Obligation/(Asset)	(470)	0	0	0	0	0
Total FAS 87 Periodic Expense/(Income)	100,179	70,061	2,137	(192,154)	39,136	71,570
FAS 88 Charges / (Credits)						
Settlement	0	0	0	0	0	0
Curtailment	0	0	0	0	0	0
Special Termination Benefits	0	0	0	0	0	0
Total	0	0	0	0	0	0
Total Periodic Expense/(Income)	100,179	70,061	2,137	(192,154)	39,136	71,570
Additional Information						
Increase in Minimum Liability Included in Other Comprehensive Income	1,058,710	1,346,048	144,326	1,324,078	237,529	960,120
Average Remaining Service Period	15.13	18.39	15.18	19.09	18.87	13.38

UNITED WATER

Components of 2003 Net Periodic Pension Cost

Exhibit I - A

	Qualified Plans - United Water Resources Inc. Retirement Plan					
	United Waterworks Inc.					
	Idaho	Arkansas	Lambertville	New Rochelle	Owego	Toms River
Service Cost	132,020	87,246	8,364	40,454	11,186	52,378
Interest Cost	385,261	309,645	23,282	234,930	48,043	232,135
Expected Return on Plan Assets	(297,754)	(260,947)	(21,353)	(393,727)	(25,121)	(175,328)
Amortization of Unrecognized Prior Service Cost	(9,182)	(5,282)	(2,913)	(2,661)	(1,661)	(8,857)
Amortization of Unrecognized Net (Gain)/Loss	85,615	57,536	10,916	69,926	26,603	64,393
Amortization of Unrecognized Net Obligation/(Asset)	(470)	0	0	0	0	0
Total FAS 87 Periodic Expense/(Income)	295,490	188,198	18,296	(51,078)	59,050	164,721
FAS 88 Charges / (Credits)						
Settlement	0	0	0	0	0	0
Curtailment	45,723	(2,504)	0	(1,683)	0	43,791
Special Termination Benefits	0	0	0	0	0	0
Total	45,723	(2,504)	0	(1,683)	0	43,791
Total Periodic Expense/(Income)	341,213	185,694	18,296	(52,761)	59,050	208,512
Additional Information						
Increase in Minimum Liability Included in Other Comprehensive Income	87,245	(262,507)	(13,166)	(700,751)	(42,002)	15,997
Average Remaining Service Period	15.13	18.39	15.18	19.09	18.87	13.38

UNITED WATER

Components of 2004 Net Periodic Pension Cost

Exhibit II - A

	Qualified Plans - United Water Resources Inc. Retirement Plan					
	United Waterworks Inc.					
	Idaho	Arkansas	Lambertville	New Rochelle	Owego	Toms River
Service Cost	153,946	113,553	8,646	50,233	13,445	64,040
Interest Cost	385,523	296,734	22,373	218,838	46,331	230,996
Expected Return on Plan Assets	(266,707)	(237,821)	(20,005)	(385,635)	(22,390)	(160,610)
Amortization of Unrecognized Prior Service Cost	(9,093)	(5,282)	(2,913)	(2,592)	(1,661)	(8,857)
Amortization of Unrecognized Net (Gain)/Loss	90,510	58,265	9,756	31,176	27,761	73,578
Amortization of Unrecognized Net Obligation/(Asset)	(277)	0	0	0	0	0
Total FAS 87 Periodic Expense/(Income)	353,902	225,449	17,857	(87,980)	63,486	199,147
FAS 88 Charges / (Credits)						
Settlement	0	0	0	0	0	0
Curtailment	0	0	0	0	0	0
Special Termination Benefits	0	0	0	0	0	0
Total	0	0	0	0	0	0
Total Periodic Expense/(Income)	353,902	225,449	17,857	(87,980)	63,486	199,147
Additional Information						
Increase in Minimum Liability Included in Other Comprehensive Income	(197,199)	(313,084)	(19,574)	(252,939)	(38,854)	(127,828)
Average Remaining Service Period	13.65	17.15	13.87	17.40	17.54	13.42

UNITED ..ATER

Components of 2005 Net Periodic Pension Cost

Exhibit I - A

	Qualified Plans - United Water Resources Inc. Retirement Plan					
	United Waterworks Inc.					
	Idaho	Arkansas	Lambertville	New Rochelle	Owego	South County
Service Cost	163,694	124,902	9,111	57,506	14,739	13,479
Interest Cost	387,311	300,100	22,058	214,081	46,182	448
Expected Return on Plan Assets	(276,280)	(247,331)	(20,547)	(426,714)	(21,500)	(409)
Amortization of Unrecognized Prior Service Cost	(8,591)	(4,930)	(2,876)	(2,605)	(1,648)	(4)
Amortization of Unrecognized Net (Gain)/Loss	70,578	50,283	8,496	15,936	26,127	429
Amortization of Unrecognized Transition Obligation /(Asset)	0	0	0	0	0	0
Total FAS 87 Periodic Expense/(Income)	336,712	223,024	16,242	(141,796)	63,900	13,943
FAS 88 Charges / (Credits)						
Settlement	0	0	0	0	0	0
Curtailment	0	0	0	0	0	0
Special Termination Benefits	0	0	0	0	0	0
Total	0	0	0	0	0	0
Total Periodic Expense/(Income)	336,712	223,024	16,242	(141,796)	63,900	13,943
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income						
Prior Service Cost/(Credit) for period	N/A	N/A	N/A	N/A	N/A	N/A
Net Loss/(Gain) for period	N/A	N/A	N/A	N/A	N/A	N/A
Amortization of Transition Obligation	N/A	N/A	N/A	N/A	N/A	N/A
Amortization of Prior Service Cost/(Credit)	N/A	N/A	N/A	N/A	N/A	N/A
Amortization of Net Loss/(Gain)	N/A	N/A	N/A	N/A	N/A	N/A
Increase in Minimum Liability Included in Other Comprehensive Income	(200,484)	(149,758)	(16,542)	(34,092)	(22,563)	844
Total	(200,484)	(149,758)	(16,542)	(34,092)	(22,563)	844
Total Recognized in Net Periodic Pension Cost and Other Comprehensive Income	136,228	73,266	(300)	(175,888)	41,337	14,787
Average Remaining Service Period	13.57	16.60	13.34	17.20	16.76	15.82

UNITED WATER

Components of 2006 Net Periodic Pension Cost

Exhibit II - A

	Qualified Plans - United Water Resources Inc. Retirement Plan					
	United Waterworks Inc.					
	Idaho	**Arkansas**	**Lambertville**	**New Rochelle**	**Owego**	**South County**
Service Cost	179,434	131,952	10,109	46,386	16,388	21,118
Interest Cost	422,668	299,538	21,540	203,577	41,695	10,255
Expected Return on Plan Assets	(310,039)	(259,944)	(21,103)	(416,599)	(20,093)	(14,017)
Amortization of Prior Service Cost	(9,200)	(4,941)	(2,702)	(2,637)	(1,648)	535
Amortization of Net (Gain)/Loss	63,550	37,378	7,106	19,375	16,949	1,774
Amortization of Transition Obligation/(Asset)	0	0	0	0	0	0
Total FAS 87 Periodic Expense/(Income)	346,413	203,983	14,950	(149,898)	53,291	19,665
FAS 88 Charges / (Credits)						
Settlement	0	0	0	0	0	0
Curtailment	0	0	0	0	0	0
Special Termination Benefits	0	0	0	0	0	0
Total	0	0	0	0	0	0
Total Net Periodic Expense/(Income)	346,413	203,983	14,950	(149,898)	53,291	19,665
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income						
Prior Service Cost/(Credit) for period	N/A	N/A	N/A	N/A	N/A	N/A
Net Loss/(Gain) for period	N/A	N/A	N/A	N/A	N/A	N/A
Amortization of Transition Obligation	N/A	N/A	N/A	N/A	N/A	N/A
Amortization of Prior Service Cost/(Credit)	N/A	N/A	N/A	N/A	N/A	N/A
Amortization of Net Loss/(Gain)	N/A	N/A	N/A	N/A	N/A	N/A
Increase in Minimum Liability Included in Other Comprehensive Income	(748,272)	(620,699)	(95,044)	(336,296)	(134,110)	(844)
Total	(748,272)	(620,699)	(95,044)	(336,296)	(134,110)	(844)
Total Recognized in Net Periodic Pension Cost and Other Comprehensive Income	**(401,859)**	**(416,716)**	**(80,094)**	**(486,194)**	**(80,819)**	**18,821**
Average Remaining Service Period	13.35	15.94	12.61	17.68	16.20	10.31

United Water Owego

OPEB Reconciliation Summary

For Rate Years

January – December 1999

Through

January – December 2006

United Water Owego
PBOP Reconciliation Summary
Rate Years Ended 12/31/2006, 12/31/2005, 12/31/2004, 12/31/2003, 12/31/2002, 12/31/2001, 12/31/2000 and 12/31/1999

FUNDED PBOP PER RATE CASE 98-W-0479		12/31/2006	12/31/2005	12/31/2004	12/31/2003	12/31/2002	12/31/2001	12/31/2000	12/31/1999
PBOP Expense Per Actuary	91550	$ 23,248	$ 14,139	$ 14,372	$ 8,485	$ 16,104	$ 19,727	$ 34,863	$ 30,159
Actuary Adjustment		$ 3,682							
Total PBOP Expense Per Actuary		26,930	14,139	14,372	8,485	16,104	19,727	34,863	30,159
Less:									
Capitalized		3,047	1,043	821	695	1,513	1,755	2,412	527
Transferred Out		4,611							
Total Capitalized/Transferred Out		7,658	1,043	821	695	1,513	1,755	2,412	527
Net Actuarial PBOP		19,272	13,096	13,551	7,790	14,591	17,972	32,451	29,632
Monthly Rate Allowance	(a)	25,751	25,751	25,751	25,751	25,751	25,751	25,751	25,751
Monthly Deferred Difference		$ (6,479)	$ (12,655)	$ (12,200)	$ (17,961)	$ (11,160)	$ (7,779)	$ 6,700	$ 3,881
- if deferred amount positive	18611 / 91560								
- if deferred amount negative	91560 / 18611								
Cumulative Deferred Difference		$ (57,654)	$ (51,175)	$ (38,520)	$ (26,319)	$ (8,358)	$ 2,801	$ 10,581	$ 3,881

Deferred post-retirement benefits	18611
Deferred Employee Benefits	25301

United Water Owego
Capitalization Percentage
Used for the Pension/OPEB Reconciliation Worksheets

	2006	2005	2004	2003	2002	2001	2000	1999
Total Labor	Monthly	183,203	175,998	167,467	162,998	146,300	183,359	183,150
Labor Capitalized	Computed	13,518	10,057	13,720	15,311	13,017	12,688	3,200
Capitalization Percentage	Amount	7.38%	5.71%	8.19%	9.39%	8.90%	6.92%	1.75%

Amounts above for the years 1999 through 2006 are per the Annual BPU Reports.
The year 2006 was computed using monthly "general labor reports" in PeopleSoft and sorted accordingly by capitalized and labor transferred out.

United Water Owego

OPEB Reconciliation

And

Internal Reserve

For the Rate Year January 2006 to December 2006

United Water Owego - 00046
OPEB Reconciliation Worksheet
For The Rate Year Ended December 31, 2006
H:\My Documents\Pension_OPEB\Reconciliation\OWEGO\1-2007_12-2007 Rec & IR\[092007_UWO_Pension-OPEB_Rec Int Reserv.xls]OPEB 1-2006_12-2006

OPEB		Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total
OPEB Expense Per Actuary		$ 1,388	$ 1,388	$ 1,388	$ 1,965	$ 1,965	$ 1,965	$ 1,965	$ 2,244	$ 2,245	$ 2,245	$ 2,245	$ 2,245	$ 23,248
Actuary Adjustment				$ 1,731					$ 1,951					$ 3,682
Total OPEB Expense Per Actuary		1,388	1,388	3,119	1,965	1,965	1,965	1,965	4,195	2,245	2,245	2,245	2,245	26,930
Less:														
Capitalized		56	52	848	106	157	89	84	158	72	48	107	75	1,852
Transferred Out		201	174	226	290	247	278	283	669	360	426	298	296	3,748
Sub-Total Capitalized/Transferred Out		257	226	1,074	396	404	367	367	827	432	474	405	371	5,600
Capitalized Adjustment				1,058					137					1,195
Transferred Out Adjustment				282					582					863
Sub-Total Adjustments		0	0	1,339	0	0	0	0	719	0	0	0	0	2,058
Total Capitalized/Transferred Out		257	226	2,413	396	404	367	367	1,546	432	474	405	371	7,658
Total Net Actuarial Amount		1,131	1,162	706	1,569	1,561	1,598	1,598	2,649	1,813	1,771	1,840	1,874	19,272
Monthly Rate Allowance	**(a)**	2,146	2,146	2,146	2,146	2,146	2,146	2,146	2,146	2,146	2,146	2,146	2,146	25,752
Monthly Deferred Difference		(1,015)	(984)	(1,440)	(577)	(585)	(548)	(548)	503	(333)	(375)	(306)	(272)	(6,480)
- if deferred amount positive	18611 / 91560													
- if deferred amount negative	91560 / 18611													
Prior Period Carryforward		$(51,175)												
Cumulative Deferred Difference		$(52,190)	$(53,174)	$ (54,614)	$(55,191)	$(55,776)	$(56,324)	$(56,872)	$(56,369)	$(56,702)	$(57,077)	$(57,383)	$(57,655)	

Notes:
(a) Case # 98-W-0479 Commission Order Issued 12/31/1998

United Water Owego - 00046
OPEB Internal Reserve Account and
Calculation of Accrued Interest on Internal Reserve Balance

Years	Beginning Internal Reserve Balance	(a) Authorized Rate Allowance	Capitalized Trnsfr Out OPEB Costs	A/C# 25340 Payments To Trustee	(b) Recovery Deferred Debit Amortization	Ending Internal Reserve Balance	Average Book Balance	Average Book Balance Net of Tax	(c) Pre-Tax ROR	Monthly Accrued Interest	Ending Internal Reserve w/ Interest	Less Capital & Payments To Ratepayers	Cumulative Internal Reserve Balance	Monthly Internal Reserve Amount
Rate Year 1999	$0	($25,751)	($527)	$4,507	($4,068)	($25,839)	($12,920)	($7,752)	11.38%	($70)	($25,909)		($25,909)	($25,909)
Rate Year 2000	($25,909)	($25,751)	($2,412)	$5,817	($4,068)	($52,323)	($39,116)	($23,470)	11.38%	($212)	($52,535)		($52,535)	($26,626)
Rate Year 2001	($52,535)	($25,751)	($1,755)	$819	($4,068)	($83,290)	($67,912)	($40,747)	11.38%	($368)	($83,657)		($83,657)	($31,123)
Rate Year 2002	($83,657)	($25,751)	($1,513)	$614	($4,068)	($114,375)	($99,016)	($59,410)	11.38%	($536)	($114,911)		($114,911)	($31,254)
Rate Year 2003	($114,911)	($25,751)	($695)	$5,610	($4,068)	($139,815)	($127,363)	($76,418)	11.38%	($689)	($140,505)		($140,505)	($25,593)
Rate Year 2004	($140,505)	($25,751)	($821)	$1,239	($4,068)	($169,906)	($155,205)	($93,123)	11.38%	($840)	($170,746)		($170,746)	($30,241)
Rate Year 2005	($170,746)	($25,751)	($1,043)	$2,679	($4,068)	($198,929)	($184,837)	($110,902)	11.38%	($1,001)	($199,929)		($199,929)	($29,184)
Jan-06	($199,929)	($2,146)	($257)	$0	($339)	($202,671)	($201,300)	($120,780)	11.38%	($1,090)	($203,761)		($203,761)	($3,832)
Feb-06	($203,761)	($2,146)	($226)	$0	($339)	($206,472)	($205,117)	($123,070)	11.38%	($1,110)	($207,582)		($207,582)	($3,821)
Mar-06	($207,582)	($2,146)	($2,413)	$0	($339)	($212,481)	($210,032)	($126,019)	11.38%	($1,137)	($213,618)		($213,618)	($6,035)
Apr-06	($213,618)	($2,146)	($396)	$0	($339)	($216,499)	($215,058)	($129,035)	11.38%	($1,164)	($217,663)		($217,663)	($4,045)
May-06	($217,663)	($2,146)	($404)	$0	($339)	($220,552)	($219,107)	($131,464)	11.38%	($1,186)	($221,738)		($221,738)	($4,075)
Jun-06	($221,738)	($2,146)	($367)	$0	($339)	($224,590)	($223,164)	($133,898)	11.38%	($1,208)	($225,798)		($225,798)	($4,060)
Jul-06	($225,798)	($2,146)	($367)	$0	($339)	($228,650)	($227,224)	($136,334)	11.38%	($1,230)	($229,880)		($229,880)	($4,082)
Aug-06	($229,880)	($2,146)	($1,546)	$0	($339)	($233,911)	($231,895)	($139,137)	11.38%	($1,255)	($235,166)		($235,166)	($5,286)
Sep-06	($235,166)	($2,146)	($432)	$0	($339)	($238,083)	($236,625)	($141,975)	11.38%	($1,281)	($239,364)		($239,364)	($4,198)
Oct-06	($239,364)	($2,146)	($474)	$0	($339)	($242,323)	($240,844)	($144,506)	11.38%	($1,304)	($243,627)		($243,627)	($4,263)
Nov-06	($243,627)	($2,146)	($405)	$0	($339)	($246,517)	($245,072)	($147,043)	11.38%	($1,327)	($247,844)		($247,844)	($4,217)
Dec-06	($247,844)	($2,146)	($371)	$17,412	($339)	($233,288)	($240,566)	($144,339)	11.38%	($1,302)	($234,590)		($234,590)	$13,254

	Dr a/c#	Cr. a/c#
If Monthly Int Reserve Amt is Positive	18613	25312

References:

(a) Case # 98-W-0479 Commission Order Issued 12/31/1998

United Water Owego

OPEB Expense Per Actuary Reports

Years 1999 - 2006

Discount Rate. 7.375%, 1/1/99 through 9/30/99
8.0%, 9/30/99 through 12/31/99
New Trends: Pre 65: 6.7% going to 5.5% by 2009
Post 65: 10.8% going to 6.4% by 2008

Expected Asset Return.
10.0% Bargaining, 6.0% Non Bargaining
Administrative Expense: 12.5% of Claims

UNITED WATER RESOURCES INC.
FAS106 1/1/99 VALUATION RESULTS - 1999 NPPBC

I:\1999\UWR\PBOP_H&W\VALS\FAS106\[EXP99sel2@12.XLS]summary exhibit

	Division 52 Owego	Division 54 Tom's River-Bargaining	Division 54 Tom's River Non-Bargaining	Division 55 Connecticut	Division 56 Pennsylvania-Bargaining	Division 56 Pennsylvania-Non-Bargaining	Division 57 Indiana Bargaining	Division 57 Indiana- Non-Bargaining	Division 58 Florida
Net Periodic Postretirement Benefit Cost - 1st 9 Months @ 7.375%									
Service Cost 1/1 - 9/30/99	14,939	63,425	69,961	39,336	164,070	131,184	18,900	31,880	296,484
Interest Cost	8,951	34,695	44,406	17,112	92,311	80,186	11,020	19,122	188,007
Amortization of Transition Obligation	968	3,943	5,619	1,687	8,073	14,967	1,979	2,203	23,367
Amortization of (Gain)/ Loss	(253)	(978)	(1,258)	(482)	(2,617)	(2,264)	(311)	(545)	(5,344)
Return on VEBA Assets	(1,408)	(27,837)	(6,735)	(2,915)	(75,321)	(11,405)	(12,515)	(1,929)	(20,781)
Total NPPBC - 1st 9 Months	23,197	73,248	111,993	54,738	186,516	212,668	19,073	50,731	481,733
Net Periodic Postretirement Benefit Cost - last 3 Months @ 8.0%									
Service Cost 9/30 - 12/31//99	4,149	17,616	18,886	10,682	45,568	37,228	5,249	8,854	81,247
Interest Cost	3,166	12,510	21,265	7,236	33,208	30,889	3,976	6,709	79,396
Amortization of Transition Obligation	306	1,314	1,164	467	2,691	4,134	660	697	5,591
Amortization of (Gain)/ Loss	(190)	(749)	(1,285)	(435)	(1,995)	(1,855)	(238)	(405)	(4,794)
Return on VEBA Assets	(469)	(9,279)	(2,245)	(972)	(25,107)	(3,801)	(4,172)	(643)	(6,927)
Total NPPBC - last 3 Months	6,962	21,412	37,785	16,978	54,365	66,595	5,475	15,212	154,513
Net Periodic Postretirement Benefit Cost - Total 1999									
Service Cost 1/1 - 12/31//99	19,088	81,041	88,847	50,018	209,638	168,412	24,149	40,734	377,731
Interest Cost	12,117	47,205	65,671	24,348	125,519	111,075	14,996	25,831	267,403
Amortization of Transition Obligation	1,274	5,257	6,783	2,154	10,764	19,101	2,639	2,900	28,958
Amortization of (Gain)/ Loss	(443)	(1,727)	(2,543)	(917)	(4,612)	(4,119)	(549)	(950)	(10,138)
Return on VEBA Assets	(1,877)	(37,116)	(8,980)	(3,887)	(100,428)	(15,206)	(16,687)	(2,572)	(27,708)
Total NPPBC	30,159	94,660	149,778	71,716	240,881	279,263	24,548	65,943	636,246
Expected Payments (MOY):									
Medical	255	525	7,894	358	24,159	2,733	738	9,105	64,077
Administrative Expense	32	66	987	45	3,020	342	92	1,138	8,009
Life Insurance	682	194	3,384	118	2,048	3,531	252	1,449	8,523
Total Expected Payouts	969	785	12,265	521	29,227	6,606	1,082	11,692	80,609

Discount Rate = 8.625% 1/1/00 through 10/31/00
8.515% 10/31/00 through 12/31/00
New Trends: Pre 65: 6.5% going to 5.5% by 2009
Post 65: 10.5% going to 6.4% by 2008

Expected Asset Return:
10.0% Bargaining, 6.0% Non Bargaining
Administrative Expense: 12.5% of Claims
Claim Cost $4,852/$2,006

UNITED WATER RESOURCES INC.
FAS106 1/1/2000 VALUATION RESULTS - 2000 NPPBC
2000 Final Preliminary Per Capita; 1999 Valuation Trends
Current Assumptions

	Division 046 Owego	Division 044 Tom's River-Bargaining	Division 044 Tom's River Non-Bargaining	Division 054 Connecticut	Division 002 Pennsylvania-Bargaining	Division 002 Pennsylvania-Non-Bargaining	Division 087, 094, 097 Indiana Bargaining	Division 087, 094, 097 Indiana- Non-Bargaining	Division 052 Florida
1st 10 Months Pre Window @ 8.625%									
Net Periodic Postretirement Benefit Cost									
Service Cost EOP	14,954	53,533	47,005	28,271	149,165	108,677	1,462	1,787	213,905
Interest Cost	12,947	48,712	71,425	25,365	121,991	108,909	1,302	1,193	254,102
Amortization of Transition Obligation	1,075	4,381	3,310	1,641	8,970	14,528	187	205	19,644
Amortization of (Gain)/Loss over 17.28689 Years	(221)	(2,283)	(14,873)	(4,216)	(10,276)	(14,989)	(8,439)	(123)	(57,447)
Return on VEBA Assets @ 10/31/2000	(2,014)	(41,951)	(9,323)	(4,011)	(111,752)	(16,502)	(17,820)	(2,534)	(28,696)
Total NPPBC 1st 10 Months	26,741	62,392	97,544	47,050	158,098	200,623	(23,308)	528	401,508
Last 2 Months Post Window @ 8.515%									
Net Periodic Postretirement Benefit Cost									
Service Cost EOP	3,075	11,598	9,667	5,790	32,318	22,372	292	357	43,816
Interest Cost	5,337	9,742	21,262	7,671	24,399	35,532	262	240	57,065
Amortization of Transition Obligation	123	876	1,089	312	1,794	2,321	36	41	4,519
Amortization of (Gain)/Loss over 17.28689 Years	0	(457)	5,288	0	(2,055)	0	(1,688)	(24)	(2,306)
Return on VEBA Assets	(413)	(8,390)	(1,911)	(822)	(22,351)	(3,383)	(3,564)	(508)	(5,883)
Total NPPBC Last 2 Months	8,122	13,370	35,395	12,951	34,105	56,842	(4,662)	106	97,211
Total 2000 Net Periodic Postretirement Benefit Cost									
Service Cost	18,029	65,131	56,672	34,061	181,483	131,049	1,754	2,144	257,721
Interest Cost	18,284	58,454	92,687	33,036	146,390	144,441	1,564	1,433	311,167
Amortization of Transition Obligation	1,198	5,257	4,399	1,953	10,764	16,849	223	246	24,163
Amortization of (Gain)/Loss over 17.28689 Years	(221)	(2,740)	(9,585)	(4,216)	(12,331)	(14,989)	(10,127)	(147)	(59,753)
Return on VEBA Assets	(2,427)	(50,341)	(11,234)	(4,833)	(134,103)	(19,885)	(21,384)	(3,042)	(34,579)
Total NPPBC Full Year	34,863	75,762	132,939	60,001	192,203	257,465	(27,969)	634	498,719
(Gain) due to Curtailments - Divestitures	0	0	0	0	0	0	(177,639)	(93,894)	0
Charge due to Early Retirement Window	120,646	0	99,687	56,072	0	390,070	0	0	268,360
Total Costs for the Period 01/01/00 through 12/31/00	155,509	75,762	232,626	116,073	192,203	647,535	(205,608)	(93,260)	767,079

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Discount Rate = 8.25% at 01/01/2001
2001 Trends. Pre 65: 6.2% going to 5.5% by 2009
Post 65: 9.7% going to 6.5% by 2009

Figures Subject to Rounding Differences
Expected Asset Return:
10.25% Bargaining, 6.15% Non Bargaining
Administrative Expense: 12.5% of Claims
Expected Claim Cost $5,116/$2,117
0% Increase in Retiree Contributions

UNITED WATER RESOURCES INC.
FAS106 1/1/2001 VALUATION RESULTS - 2001 NPPBC
Reflects Florida Divestiture as of December 31, 2001

	Division 053 New Rochelle Bargaining	Division 053 New Rochelle- Non Bargaining	Division 060 Idaho Bargaining	Division 060 Idaho- Non Bargaining	Division 030 Missouri	Division 004 Arkansas	Division 043 Lambertville	Division 079 Illinois Bargaining	Division 079 Illinois- Non-Bargaining	Division 046 Owego
Headcounts:										
Actives	46	8	52	34	0	30	2	0	0	3
Retirees / Beneficiaries (Medical only)	30	7	5	13	0	14	1	0	0	0
Spouses of Retirees (Medical only)	18	2	1	11	0	9	0	0	0	0
Total	94	17	58	58	0	53	3	0	0	3
Medical APBO:										
Active	1,154,648	146,208	1,325,648	820,309	0	607,796	52,139	0	0	55,113
Inactive	1,536,847	362,749	381,115	1,521,646	0	1,280,370	39,151	0	0	0
Total Medical APBO	2,691,495	508,957	1,706,763	2,341,955	0	1,888,166	91,290	0	0	55,113
Administrative APBO (12.5%)										
Active	144,331	18,276	165,706	102,539	0	75,975	6,517	0	0	6,889
Inactive	192,106	45,344	47,639	190,206	0	160,046	4,894	0	0	0
Total Administrative APBO	336,437	63,620	213,345	292,744	0	236,021	11,411	0	0	6,889
Life Insurance APBO:										
Active	39,761	27,236	137,835	149,176	0	76,353	9,596	0	0	12,671
Inactive	59,892	42,993	8,758	182,213	0	177,606	25,310	0	0	28,386
Total Life Insurance APBO	99,653	70,229	146,593	331,389	0	253,959	34,906	0	0	41,057
Grand Total APBO:										
Active	1,338,740	191,720	1,629,189	1,072,024	0	760,124	68,252	0	0	74,673
Inactive	1,788,845	451,086	437,512	1,894,065	0	1,618,022	69,355	0	0	28,386
Grand Total APBO 01/01/2001 8.25%	3,127,585	642,806	2,066,701	2,966,088	0	2,378,146	137,607	0	0	103,059
Plan Assets Market Value at 01/01/01	1,118,697	48,850	1,564,687	246,776	0	242,333	28,039	0	0	40,580
Service Cost:										
Total Service Cost 01/01/01	186,570	27,545	231,508	121,026	0	86,395	5,665	0	0	11,958
Net Periodic Postretirement Benefit Cost										
Service Cost EOY	201,962	29,818	250,608	131,011	0	93,522	6,132	0	0	12,944
Interest Cost	251,367	51,907	169,114	236,913	0	191,505	11,048	0	0	8,438
Amortization of Transition Obligation	(14,812)	464	14,211	7,744	0	8,973	539	0	0	780
Amortization of Gain/Loss over 16.5981 Years	0	0	0	0	0	0	0	0	0	0
Return on VEBA Assets	(111,870)	(2,931)	(156,469)	(14,807)	0	(14,540)	(1,682)	0	0	(2,435)
Total NPPBC - 2001	326,646	79,258	277,464	360,861	0	279,460	16,037	0	0	19,727
Impact of Divestitures	0	0	0	0	0	0	0	0	0	0
Total Impact - 2001	326,646	79,258	277,464	360,861	0	279,460	16,037	0	0	19,727
Expected Payments (MOY):										
Total Expected Payouts	161,435	27,255	33,672	188,829	0	113,753	7,372	0	0	1,573
Reconciliation of Funded Status at 01/01/01										
APBO @ 01/01/01 @ 8.25%	3,127,585	642,806	2,066,701	2,966,088	0	2,378,146	137,607	0	0	103,059
Plan Assets Market Value @ 01/01/01	1,118,697	48,850	1,564,687	246,776	0	242,333	28,039	0	0	40,580
Funded Status	(2,008,888)	(593,956)	(502,014)	(2,719,313)	0	(2,135,813)	(109,568)	0	0	(62,479)
Unrecognized Transition Obligation	(210,672)	6,605	202,156	110,176	0	127,602	7,669	0	0	11,113
Unrecognized Prior Service Cost	0	0	0	0	0	0	0	0	0	0
Unrecognized (Gain)/Loss	(446,885)	128,817	(935,279)	866,448	0	182,961	(30,126)	0	0	(270,669)
Prepaid/(Accrued) @ 12/31/00	(2,666,445)	(458,534)	(1,235,137)	(1,742,689)	0	(1,825,250)	(132,025)	0	0	(322,035)

Aon Consulting

Exhibit I
Final 2002 NPPBC

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UNITED WATER
FAS106 1/1/2002 VALUATION RESULTS - 2002 NPPBC
New Contribution Schedule Effective 06/01/2002

Discount Rate = 7.75%
2002 Trends Pre 65: 6.2% going to 5.5% by 2009
Post 65: 9.7% going to 6.4% by 2008

Figures Subject to Rounding Differences
Expected Asset Return:
10.25% Bargaining, 6.15% Non Bargaining
Administrative Expense: 12.5% of Claims
Expected Claim Cost $5,552/$2,405
3% Increase in Retiree Contributions

	Division 053 New Rochelle Bargaining	Division 053 New Rochelle- Non Bargaining	Division 060 Idaho Bargaining	Division 060 Idaho- Non Bargaining	Division 030 Missouri	Division 004 Arkansas	Division 043 Lambertville	Division 079 Illinois Bargaining	Division 079 Illinois Non-Bargaining	Division 046 Owego	Division 044 Tom's River Bargaining	Division 044 Tom's River Non-Bargaining	Division 054 Connecticut	Division 002 Pennsylvania-Bargaining	Division 002 Pennsylvania-Non-Bargaining
Headcounts:															
Actives	43	9	53	39	0	40	2	0	0	5	23	12	10	52	35
Retirees / Beneficiaries (Medical only)	32	7	10	13	0	14	1	0	0	0	2	9	2	6	14
Spouses of Retirees (Medical only)	16	1	6	11	0	9	0	0	0	0	2	5	1	3	6
Total	91	17	69	63	0	63	3	0	0	5	27	26	13	61	55
Medical APBO:															
Active Fully Eligible	285,074	14,626	735,438	212,505	0	100,019	10,722	0	0	64,684	365,809	117,215	166,363	601,414	356,967
Active Others	775,701	121,341	1,192,492	832,045		600,086	48,974			18,840	559,815	372,262	199,070	1,276,184	1,000,047
Inactive	1,457,117	310,543	800,243	1,583,157	0	1,367,389	39,506	0	0	0	219,756	774,793	164,393	321,757	1,188,442
Total Medical APBO	2,517,892	446,510	2,728,173	2,627,707	0	2,067,494	99,202	0	0	83,524	1,145,380	1,264,270	529,826	2,199,355	2,545,456
Administrative APBO (12.5%)															
Active Fully Eligible	36,204	1,858	93,401	26,988	0	12,703	1,362	0	0	8,215	46,458	14,886	21,128	76,380	45,335
Active Others	98,514	15,410	151,446	105,670	0	76,211	6,220	0	0	2,393	71,096	47,277	25,282	162,075	127,006
Inactive	185,054	39,439	101,631	201,061	0	173,658	5,017	0	0	0	27,909	98,399	20,878	40,863	150,932
Total Administrative APBO	319,772	56,707	346,478	333,719	0	262,572	12,599	0	0	10,608	145,463	160,562	67,288	279,318	323,273
Life Insurance APBO:															
Active Fully Eligible	27,662	4,697	101,527	79,496	0	35,767	6,073	0	0	15,247	46,161	39,820	34,568	91,953	113,536
Active Others	12,690	19,219	36,728	108,303	0	63,409	5,881	0	0	795	14,191	53,586	27,514	29,633	120,004
Inactive	56,332	44,379	26,055	196,870	0	200,019	27,957	0	0	1,931	6,449	115,326	21,312	14,721	195,473
Total Life Insurance APBO	96,684	68,295	164,310	384,669	0	299,195	39,911	0	0	17,973	66,801	208,732	83,394	136,307	429,013
Grand Total APBO:															
Active Fully Eligible	348,940	21,181	930,366	318,989	0	148,489	18,157	0	0	88,146	458,428	171,921	222,059	769,747	515,838
Active Others	886,905	155,970	1,380,666	1,046,018	0	739,706	61,075	0	0	22,028	645,102	473,125	251,866	1,467,892	1,247,057
Inactive	1,698,503	394,361	927,929	1,981,088	0	1,741,066	72,480	0	0	1,931	254,114	988,518	206,583	377,341	1,534,847
Grand Total APBO 01/01/2002 7.75%	2,934,348	571,512	3,238,961	3,346,095	0	2,629,261	151,712	0	0	112,105	1,357,644	1,633,564	680,508	2,614,980	3,297,742
Actual Veba Contribution @ 12/31/01	160,086	8,338	235,390	0	0	0	0	0	0	819	109,831	9,038	7,259	231,094	38,880
Assets at 12/31/01 - Market Value	1,155,928	54,169	1,628,243	231,528	0	227,359	26,307	0	0	38,891	608,433	185,317	83,103	1,559,320	350,912
2002 Net Periodic Postretirement Benefit Cost															
Service Cost EOY	201,548	31,859	186,372	149,792	0	127,015	7,547	0	0	10,172	93,970	55,963	27,824	204,955	148,556
Interest Cost	221,790	43,475	247,327	254,256	0	198,807	11,436	0	0	8,673	104,400	123,627	52,138	201,289	251,476
Amortization of Transition Obligation	(14,812)	464	14,211	7,744	0	8,973	539	0	0	780	5,257	3,827	1,742	10,764	12,994
Amortization of (Gain)/Loss over 18 Years	(240)	746	(2,066)	4,335	0	1,267	(90)	0	0	(1,129)	(153)	3,065	103	(2,791)	2,809
Expected Return on VEBA Assets	(118,482)	(3,331)	(166,895)	(14,239)	0	(13,983)	(1,618)	0	0	(2,392)	(62,364)	(11,397)	(5,111)	(159,830)	(21,581)
Total NPPBC - 2002	289,804	73,213	278,949	401,888	0	322,079	17,814	0	0	16,104	141,110	175,085	76,696	254,387	394,234
2002 Expected Payments (MOY):															
Total Expected Payments	145,082	21,083	95,283	130,732	0	128,031	8,296	0	0	382	21,089	76,753	15,519	55,396	105,[illegible]
Reconciliation of Funded Status at 12/31/01															
APBO @ 01/01/02 @ 7.75%	2,934,348	571,512	3,238,961	3,346,095	0	2,629,261	151,712	0	0	112,105	1,357,644	1,633,564	680,508	2,614,980	3,297,742
Assets at 12/31/01 - Market Value	1,155,928	54,169	1,628,243	231,528	0	227,359	26,307	0	0	38,891	608,433	185,317	83,103	1,559,320	350,912
Funded Status	(1,778,420)	(517,343)	(1,610,718)	(3,114,567)	0	(2,401,902)	(125,405)	0	0	(73,214)	(749,211)	(1,448,247)	(597,405)	(1,055,660)	(2,946,830)
Unrecognized Transition Obligation	(195,860)	6,141	187,945	102,432	0	118,629	7,130	0	0	10,333	69,522	49,966	23,026	142,333	171,822
Unrecognized Prior Service Cost	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrecognized (Gain)/Loss	(710,789)	2,960	160,028	950,386	0	213,099	(27,045)	0	0	(278,062)	205,225	484,603	64,256	(312,902)	448,077
(Accrued)/Prepaid @ 12/31/01	(2,685,069)	(508,242)	(1,262,745)	(2,061,749)	0	(2,070,174)	(145,320)	0	0	(340,943)	(474,464)	(913,678)	(510,123)	(1,226,229)	(2,326,901)

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UNITED WATER
FAS106 1/1/2003 VALUATION RESULTS - 2003 NPPBC

Discount Rate = 7.00% @ 1/1/03, 6.5% @ 4/1/03, 6.25% @ 8/15/03, 6.375% @ 9/30/03
2002 Trends Pre 65. 6.2% going to 5.5% by 2009
Post 65 9.7% going to 6.4% by 2008

Figures Subject to Rounding Differences
Expected Asset Return:
9.5% Bargaining, 5.7% Non Bargaining
Administrative Expense Valued Explicitly
Expected Claim Cost $5,487/$2,585
5.5% Increase in Retiree Contributions

	Division 053 New Rochelle Bargaining	Division 053 New Rochelle- Non Bargaining	Division 060 Idaho Bargaining	Division 060 Idaho- Non Bargaining	Division 004 Arkansas	Division 043 Lambertville	Division 046 Owego	Division 044 Tom's River- Bargaining	Division 044 Tom's River Non-Bargaining	Division 054 Connecticut
2003 Expected Payments (MOY):										
Total Expected Payments	139,715	22,104	99,383	129,110	101,427	3,926	362	20,878	71,127	16,456
Partial Year 2003 Net Periodic Postretirement Benefit Cost @ 7.0% - First 4 Months										
Service Cost EOY	51,682	15,013	63,166	53,962	52,384	3,325	4,573	23,917	22,945	10,697
Interest Cost	87,340	15,653	84,455	86,266	62,793	4,291	3,074	33,947	41,317	16,662
Amortization of Transition Obligation	(4,937)	155	4,737	2,203	2,553	180	260	1,496	1,276	580
Amortization of (Gain)/Loss over 18 Years	1,419	551	4,615	9,347	950	(41)	(2,464)	2,113	7,018	379
Expected Return on VEBA Assets	(36,562)	(1,079)	(50,856)	(4,819)	(3,868)	(448)	(673)	(20,631)	(3,196)	(1,679)
Total NPPBC - 2003	98,942	30,293	106,117	146,959	114,812	7,307	4,770	40,842	69,360	26,639
Partial Year 2003 Net Periodic Postretirement Benefit Cost @ 6.5% - May 1 to August 15, 2003										
Service Cost EOY	44,397	12,277	53,777	44,856	42,914	2,828	3,544	20,243	19,220	8,746
Interest Cost	70,748	12,989	69,965	72,090	52,230	3,644	2,627	28,278	34,762	14,198
Amortization of Transition Obligation	(6,718)	96	4,145	1,416	2,234	157	228	1,309	1,116	508
Amortization of (Gain)/Loss over 18 Years	(12,934)	(558)	3,736	8,391	(3,930)	(231)	(4,298)	2,252	10,103	88
Expected Return on VEBA Assets	(47,168)	(1,306)	(45,476)	(7,148)	(5,219)	(358)	(254)	(18,221)	(3,428)	(1,377)
Partial Year NPPBC - 2003	48,325	23,498	86,147	119,605	88,229	6,040	1,847	33,861	61,773	22,163
Partial Year 2003 Net Periodic Postretirement Benefit Cost @ 6.25% - August 16 to September 30, 2003										
Service Cost EOY	12,357	3,536	16,230	12,033	12,990	787	1,148	5,612	5,572	2,571
Interest Cost	29,608	5,185	26,587	27,469	20,132	1,303	1,086	10,469	13,493	5,608
Amortization of Transition Obligation	(2,879)	41	1,776	608	957	67	97	560	478	218
Amortization of Prior Service Cost	(5,598)	(522)	(5,780)	(5,062)	(3,918)	(432)	(102)	(2,777)	(2,276)	(808)
Amortization of (Gain)/Loss over 18 Years	21	260	3,017	4,177	736	64	(924)	1,396	3,430	457
Expected Return on VEBA Assets	(20,215)	(560)	(19,490)	(3,063)	(2,237)	(154)	(109)	(7,808)	(1,470)	(591)
Partial Year NPPBC - 2003	13,294	7,940	22,340	36,162	28,660	1,635	1,196	7,452	19,227	7,455
Partial Year 2003 Net Periodic Postretirement Benefit Cost @ 6.375% - October 1 to December 31, 2003										
Service Cost EOY	23,953	7,078	31,455	24,177	25,806	1,589	2,240	10,866	11,244	5,109
Interest Cost	59,321	10,495	53,129	55,797	40,712	2,657	2,237	20,916	27,623	11,373
Amortization of Transition Obligation	(5,758)	82	3,553	1,214	1,915	135	195	1,122	957	435
Amortization of Prior Service Cost	(11,198)	(1,045)	(11,561)	(10,124)	(7,836)	(864)	(205)	(5,553)	(4,551)	(1,616)
Amortization of (Gain)/Loss over 18 Years	(6,845)	(174)	4,637	9,527	(1,719)	(35)	(3,590)	2,590	9,914	475
Expected Return on VEBA Assets	(37,727)	(1,051)	(36,374)	(5,756)	(4,202)	(288)	(205)	(14,574)	(2,760)	(1,109)
Partial Year NPPBC - 2003	21,746	15,385	44,839	74,835	54,676	3,194	672	15,367	42,427	14,667
2003 Full Year Net Periodic Postretirement Benefit Cost - FAS 106 With Plan Amendments										
Service Cost EOY	132,389	37,904	164,628	135,028	134,094	8,529	11,505	60,638	58,981	27,123
Interest Cost	247,017	44,322	234,136	241,622	175,867	11,895	9,024	93,610	117,195	47,841
Amortization of Transition Obligation	(20,292)	374	14,211	5,441	7,659	539	780	4,487	3,827	1,741
Amortization of Prior Service Cost	(16,796)	(1,567)	(17,341)	(15,186)	(11,754)	(1,296)	(307)	(8,330)	(6,827)	(2,424)
Amortization of (Gain)/Loss over 18 Years	(18,339)	79	16,005	31,442	(3,963)	(243)	(11,276)	8,351	30,465	1,399
Expected Return on VEBA Assets	(141,672)	(3,996)	(152,196)	(20,786)	(15,526)	(1,248)	(1,241)	(61,234)	(10,854)	(4,756)
NPPBC - 2003	182,307	77,116	259,443	377,561	286,377	18,176	8,485	97,522	192,787	70,924
Impact of ESP I @ 12/31/2002	0	0	0	13,867	16,059	0	0	9,411	0	0
Impact of ERP I @ 12/31/2002	0	0	0	0	0	0	0	0	0	0
Impact of ESP II @ 04/30/2003	0	1,600	0	20,845	0	0	0	0	0	0
Impact of ERP II @ 04/30/2003	224,715	0	0	0	0	0	0	0	0	0
Impact of ERP III @ 09/30/2003	0	0	0	0	0	0	0	0	0	0
Total 2003 Net Cost - FAS 106	407,022	78,716	259,443	412,273	302,436	18,176	8,485	106,933	192,787	70,924

Aon Consulting

Discount Rate = 6.375%
2004 Trends: Pre 65: 8.8% going to 5.5% by 2012
Post 65: 10.5% going to 5.5% by 2012

Figures Subject to Rounding Differences
Expected Asset Return:
8.50% Bargaining, 5.10% Non Bargaining
Administrative Expense: Valued Explicitly
Expected Claim Cost $6,182/$2,852
5.5% Increase in Retiree Contributions
Part D Subsidy Increases at 3%

UNITED WATER
FAS106 1/1/2004 VALUATION RESULTS - 2004 NPPBC

	Division 053 New Rochelle Bargaining	Division 053 New Rochelle- Non Bargaining	Division 060 Idaho Bargaining	Division 060 Idaho- Non Bargaining	Division 004 Arkansas	Division 043 Lambertville	Division 046 Owego	Division 044 Tom's River- Bargaining	Division 044 Tom's River Non- Bargaining	Division 054 Connecticut
2004 Expected Payments (MOY):										
Total Expected Payments	169,955	28,992	61,766	75,862	106,354	10,885	485	23,549	71,284	21,508
2004 Net Periodic Postretirement Benefit Cost - Prior to Part D Subsidy										
Service Cost	101,292	29,672	136,993	132,200	137,371	15,940	12,208	54,132	43,428	29,476
Interest Cost	246,143	50,875	192,638	176,429	178,392	18,071	10,340	95,777	114,781	49,929
Amortization of Transition Obligation	(23,033)	330	14,211	4,857	7,659	539	780	4,487	3,827	1,742
Amortization of Prior Service Cost	(44,790)	(4,179)	(46,243)	(40,497)	(31,344)	(3,456)	(818)	(22,213)	(18,205)	(6,463)
Amortization of (Gain)/Loss	(1,926)	4,603	8,986	(1,142)	7,866	3,935	(7,105)	12,257	40,098	3,810
Expected Return on VEBA Assets	(159,636)	(4,667)	(166,481)	(24,754)	(17,421)	(1,377)	(1,131)	(67,797)	(11,835)	(5,386)
Total 2004 NPPBC - Prior to Part D Subsidy	118,050	76,634	140,104	247,093	282,523	33,652	14,274	76,643	172,094	73,108
2004 Net Periodic Postretirement Benefit Cost - After Part D Subsidy										
Service Cost	96,146	28,575	130,542	125,930	131,876	15,191	11,815	51,471	41,192	28,050
Interest Cost	233,213	48,672	183,996	168,768	170,799	17,253	9,906	90,965	109,699	47,552
Amortization of Transition Obligation	(23,033)	330	14,211	4,857	7,659	539	780	4,487	3,827	1,742
Amortization of Prior Service Cost	(44,790)	(4,179)	(46,243)	(40,497)	(31,344)	(3,456)	(818)	(22,213)	(18,205)	(6,463)
Amortization of (Gain)/Loss	(7,139)	2,921	3,849	(4,231)	3,357	2,952	(6,148)	8,231	31,477	2,181
Return on VEBA Assets	(159,636)	(4,667)	(166,481)	(24,754)	(17,421)	(1,377)	(1,131)	(67,797)	(11,835)	(5,386)
Total 2004 NPPBC - After Part D Subsidy	94,761	71,652	119,874	230,073	264,926	31,102	14,404	65,144	156,155	67,676
2004 Net Periodic Postretirement Benefit Cost - Combined										
Service Cost	97,433	28,849	132,155	127,498	133,250	15,378	11,913	52,136	41,751	28,407
Interest Cost	236,445	49,223	186,157	170,683	172,697	17,458	10,015	92,168	110,969	48,146
Amortization of Transition Obligation	(23,033)	330	14,211	4,857	7,659	539	780	4,487	3,827	1,742
Amortization of Prior Service Cost	(44,790)	(4,179)	(46,243)	(40,497)	(31,344)	(3,456)	(818)	(22,213)	(18,205)	(6,463)
Amortization of (Gain)/Loss	(5,836)	3,342	5,133	(3,459)	4,484	3,198	(6,387)	9,238	33,632	2,588
Return on VEBA Assets	(159,636)	(4,667)	(166,481)	(24,754)	(17,421)	(1,377)	(1,131)	(67,797)	(11,835)	(5,386)
Total 2004 NPPBC	100,583	72,898	124,932	234,328	269,325	31,740	14,372	68,019	160,139	69,034

Discount Rate = 6.250%
2005 Trends: Pre 65, 8.8% going to 5.5% by 2013
Post 65 10.1% going to 5.5% by 2014

Figures Subject to Rounding Differences
Expected Asset Return
8.50% Bargaining, 5 10% Non Bargaining
Administrative Expense Valued Explicitly
Expected Claim Cost Pre 1/1/05 Retirements $7,033/$3,027
Expected Claim Cost Post 1/1/05 Retirements $7,033/$2,230
5 5% Increase in Retiree Contributions
Part D Subsidy Increases at 3%

UNITED WATER
FAS106 1/1/2005 VALUATION RESULTS - 2005 NPPBC

	Division 053 New Rochelle Bargaining	Division 053 New Rochelle- Non Bargaining	Division 060 Idaho Bargaining	Division 060 Idaho- Non Bargaining	Division 004 Arkansas Bargaining	Division 004 Arkansas - Non Bargaining	Division 043 Lambertville	Division 046 Owego	Division 044 Tom's River- Bargaining	Division 044 Tom's River Non- Bargaining	Division 048 South County	Division 054 Connecticut
2005 Expected Payments (MOY):												
Total Expected Payments	185,330	37,053	119,738	172,065	326	101,956	2,727	572	26,541	83,505	1,545	20,297
2005 Net Periodic Postretirement Benefit Cost												
Service Cost	86,026	22,592	147,390	107,568	257	140,781	7,674	12,000	51,345	40,619	45,968	27,200
Interest Cost	265,148	47,529	232,806	229,978	2,936	159,561	10,697	11,106	84,977	102,247	2,467	43,739
Amortization of Transition Obligation	(23,033)	330	14,211	4,857	0	7,659	539	780	4,487	3,827	0	1,742
Amortization of Prior Service Cost	(44,790)	(4,179)	(46,243)	(40,497)	0	(31,344)	(3,456)	(818)	(22,213)	(18,205)	0	(6,463)
Amortization of (Gain)/Loss	23,784	3,035	19,503	24,659	1,385	(3,169)	(506)	(6,830)	1,409	30,297	1,183	(287)
Return on VEBA Assets	(126,881)	(3,353)	(181,712)	(14,013)	0	(4,954)	(1,228)	(2,099)	(86,852)	(5,170)	0	(5,501)
Total 2005 NPPBC	180,254	65,954	185,955	312,552	4,578	268,534	13,720	14,139	33,153	153,615	49,618	60,430

Exhibit I
Final 2006 NPPBC

Discount Rate = 6 000%
2006 Trends Pre 65 8 8% going to 5 5% by 2014
Post 65 9 5% going to 5 5% by 2014

Figures Subject to Rounding Differences
Expected Asset Return
8 50% Bargaining, 5 10% Non Bargaining
Administrative Expense Valued Explicitly
Expected Claim Cost Pre 1/1/06 Retirements $7,984/$3,182
Expected Claim Cost Post 1/1/06 Retirements $7,984/$2,395
5 5% Increase in Retiree Contributions
Part D Subsidy Increases at 3%

UNITED WATER
FAS106 1/1/2006 VALUATION RESULTS - 2006 NPPBC

	Division 053 New Rochelle Bargaining	Division 053 New Rochelle- Non Bargaining	Division 060 Idaho Bargaining	Division 060 Idaho- Non Bargaining	Division 004 Arkansas Bargaining	Division 004 Arkansas - Non Bargaining	Division 043 Lambertville	Division 046 Owego	Division 044 Tom's River- Bargaining	Division 044 Tom's River Non-Bargaining	Division 048 South County	Division 054 Connecticut
2006 Expected Payments (MOY):												
Total Expected Payments	188,191	21,650	141,398	169,323	0	118,931	2,095	11,837	14,781	76,328	267	19,243
2006 Net Periodic Postretirement Benefit Cost												
Service Cost	112,587	22,006	171,538	133,806	0	143,138	9,671	13,205	78,634	39,808	30,674	29,003
Interest Cost	269,734	35,819	251,178	246,411	0	181,702	8,977	21,760	85,537	99,886	7,803	47,338
Amortization of Transition Obligation	(23,033)	330	14,211	4,857	0	7,659	539	780	4,487	3,827	0	1,742
Amortization of Prior Service Cost	(44,790)	(4,179)	(46,243)	(40,497)	0	(31,344)	(3,456)	(818)	(22,213)	(18,205)	0	(6,463)
Amortization of (Gain)/Loss	81,773	(10,787)	24,570	30,575	(144)	3,417	(1,707)	(5,813)	(736)	29,117	2,527	595
Return on VEBA Assets	(139,637)	(3,658)	(217,101)	(21,333)	(360)	(16,129)	(1,850)	(2,184)	(88,577)	(10,741)	(581)	(5,120)
Total 2006 NPPBC	256,634	39,531	198,153	353,819	(504)	288,443	12,174	26,930	57,132	143,692	40,423	67,095