

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

STATEMENT TYPE: RPCRC
STATEMENT No.: 2

GENERAL INFORMATION

Revenue and Production Cost Reconciliation Adjustment Clause and Property Tax Clause

Applicable to all Metered Customers in Service Classifications 1, 1A and 3.

Commission Order in Case 07-W-0508, dated March 5, 2008, directed that the rates applicable to all metered customer accounts, as defined above, be subject to automatic adjustment by way of a surcharge, or credit, based on the difference between the actual net revenues (operating revenues less production costs) for the preceding rate year and the net revenue target as estimated in the most recent rate case. The difference is then surcharged (or credited) to be recovered (or refunded) over the ensuing year. In the following proceeding, Case 11-W-0200, target levels for revenues, production costs and property taxes were set for future years as follows, with the levels from the third rate year carrying forward for all future years until new target levels are set in the next rate proceeding (the revenue numbers below do not include net RAC adjustments for the rate year ending March 31, 2013 of (\$40,303) (\$8,977 for the Service Centers and (\$49,280) for Demutualization) from the Commission decision on 11/20/2002 in Cases 02-W-0054 and 02-W-0056):

Year Ending	March 31, 2013	March 31, 2014	March 31, 2015
Revenues	\$47,549,412	\$48,807,844	\$49,869,621
Production Costs	\$3,953,224	\$4,032,684	\$4,118,580
Property Taxes	\$11,893,414	\$12,132,472	\$12,390,893

The surcharge/credit for the year ending March 31, 2013 is calculated as follows:

The actual net revenues for the year ended March 31, 2013 of \$ was compared to the target level set forth above. The difference, including accrued interest, results in a surcharge/credit to customers of \$

The net amount to be surcharged/refunded to customers derived from the calculation described above, during the ensuing year ending March 31, 2014 is: \$

Since the total number of metered customers is:

The surcharge/credit per customer amounts to: \$

In accordance with the property tax mechanism set forth in the settlement agreement approved by the Commission in Case 11-W-0200, the PSC has permitted the company to reconcile property taxes. For the rate year ended March 31, 2013, such reconciliation resulted in a surcharge/credit to customer of \$. As a result, the net surcharge/credit to each customer's bill amounts to \$

Issued in compliance with Commission Order issued and effective March 20, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

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Revenue and Production Cost Reconciliation Adjustment Clause and Property Tax Clause (cont'd)

Any refunds due ratepayers from any net over-recovery in the rate year will be credited to customers' bills in the earliest month, as administratively practical, of the following rate year. Customer bills will be surcharged, no greater than \$4 per customer per month, to recover any deferral of cost recovery in the rate year beginning in the earliest month, as administratively practical, of the following rate year and continue each month thereafter, as necessary, until the entire deferral is recovered. Should the \$4 per customer per month surcharge limit be inadequate to fully recover any deferred costs prior to the end of the following rate year, the limit will be waived. For sprinkler customers there will be a one time credit/surcharge. Any credit/surcharge is subject to the applicable local gross revenue taxes as set forth in the current tax statements.

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