

P.S.C. No. 1 – Water
United Water New York Inc.
Initial Effective Date: November 6, 2015

Statement Type: RRC
Statement No. 9

REVENUE AND PRODUCTION COST RECONCILIATION ADJUSTMENT STATEMENT

Applicable to all Metered Customers:

According to the terms and conditions of the Commission's Order issued in Case 013-W-0295, issued and effective June 26, 2014, the existing Reconciliation will recommence with the modifications described below. The rates applicable to all metered customer accounts is subject to automatic adjustment by way of a surcharge or a 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 then-current Rate Year's net revenue variance plus any prior net revenue variances will be recovered or refunded annually through a percentage surcharge or surcredit to be applied to all metered customers' bills. This surcharge or surcredit will be based on the projected revenues from metered water sales for the next succeeding Rate Year and will be recovered or refunded during the succeeding Rate Year.

The accumulated net revenue variance will accrue interest net of income tax from the end of each Rate Year at the Other Customer Capital Rate then in effect and will be subject to any applicable local taxes.

Production costs will include the cost of sludge removal, power, chemicals and purchased water. If actual costs are less than the target for each year, 100% of the difference will be deferred and refunded through the Reconciliation. If actual costs exceed the target levels shown below, 95% of the difference for power and chemicals and 100% for purchased water and sludge removal will be deferred and recovered through the Reconciliation.

Target levels for Revenue and Production Costs are listed below:

<u>Year Ending</u>	<u>May 31, 2015</u>	<u>May 31, 2016</u>
Revenue Target	\$ 67,997,390	\$ 71,718,494
Production Cost	\$ 5,089,711	\$ 5,089,711

In accordance with the terms set forth in Section VI of the Joint Proposal approved by the Commission in Case 09-W-0731, the Company is required to defer any actual revenues above the estimated antenna site rental revenues included in the Company's revenue requirement. The amount netted to the Revenue and Production Cost Surcharge for the RY ended May 31, 2015 is **(\$0)**.

Filed in compliance with Commission Order in Case 13-W-0295, issued June 26, 2014

Issued by: David Stanton, President, 2525 Palmer Ave., New Rochelle, NY 10801

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(continued)**

A net surcharge or credit of **6.933%** which is based on the Company's total metered sales revenues will be billed to all metered customers over the 12 month period following the effective date of the surcharge.

In the event of any disagreement over the proper net surcharge or surcredit amounts between the Company and Staff, Staff's calculated surcharge or surcredit will be temporarily placed in effect. The differences will be resolved through the Dispute Resolution Process.

If the Dispute Resolution Process results in an amount ultimately resolved in the Company's favor, then the Company will be allowed to recover carrying charges on the determined net of tax amount. Carrying charges will be applied at the then-current Other Customer Capital rate. The accumulated net revenue variance will accrue interest net of income tax from the end of each Rate Year at the Other Customer Capital rate then in effect.

The reconciliation will be submitted to the Director of the Office of Electric, Gas and Water within 60 days after the end of the term of each Rate Year. At the end of Year Three, any remaining balances will be reconciled in a similar manner as described above. In addition, reconciliation amounts from prior rate plans will be recovered or refunded in the manner described above. If a new rate plan does not immediately begin upon the completion of the final rate year of this rate plan, the Company will use the revenue and production cost targets from the final rate year to do a pro-rated revenue and production cost reconciliation. Monthly revenue and production cost targets will be calculated as the monthly averages of metered revenue and production costs for the most recent 5 years applied to the final rate year annual targets.

The submitted net surcharge or credit will go into effect 45 days after submittal unless Staff submits a letter to the Company indicating the submitted Reconciliation amounts should be adjusted.

The reconciliations will continue beyond the end of the Rate Plan at the third rate year targets until new target levels are set in the next rate proceeding.

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