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June 25, 2014

Frank X. Simpson
New York American Water Company, Inc. – Long Island Water Corporation
1025 Laurel Oak Road
Voorhees, NJ 08043

Re: Case 11-W-0200 – New York American Water Company, Inc., f/k/a Long Island Water Corporation, System Improvement Charge (SIC) Surcharge – SIC Reconciliation Mechanism for the Rate Year ended March 31, 2014.

Dear Mr. Simpson,

The Commission's order in Case 11-W-0200 adopted a multi-year settlement agreement (Agreement) which provided that a SIC surcharge may be initiated to recover the revenue requirement associated with specific capital projects. The order further prescribed that an annual audit and reconciliation between authorized collections and actual collections related to the SIC surcharge was to be conducted.

On April 30, 2014, Staff received a letter and attachments from the Company explaining that its annual reconciliation identified an under-collection in the amount of \$153,154. As a result, the Company proposes to recover this under-collection by increasing the current SIC rate of 3.68% to 3.99% to become effective on July 1, 2014. After evaluating the Company's submission and method for calculating the surcharge, Staff agrees that the SIC surcharge calculation yields a surcharge increase of 0.31%, to recover an under-collection of \$153,154.

Please file the *System Improvement Charge - Statement No. 5* with the Secretary of the Commission reflecting the resulting surcharge with an effective date of July 1, 2014. If you have any questions, please contact Eric Burton at (518) 473-0275.

Sincerely,

Bruce E. Alch
Chief, Gas and Water Rates
Office of Electric, Gas and Water

cc: Eric Burton, Utility Engineer, PSC
Dante DeStefano, Manager Rates & Regulation, NYAW