



## Department of Public Service

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Three Empire State Plaza, Albany, NY 12223-1350  
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August 3, 2015

Frank X. Simpson, Director of Rates & Regulation  
New York American Water Company, Inc. – New York Water Service Corporation  
1025 Laurel Oak Road  
Voorhees, New Jersey 08043

Re: Case 09-W-0237 – New York American Water Company, Inc., f/k/a New York Water Service Corporation, Revenue and Property Tax Reconciliation Mechanism for the Rate Year ended March 31, 2015

Dear Mr. Simpson,

I am in receipt of your letter and attachments dated June 1, 2015, detailing the calculation of the Revenue, Production and Property Tax (RPT) Reconciliation for the rate year ended March 31, 2015. The June 1, 2015 submission reports a total revenue and property tax over-collection of \$254,996, which includes interest. Staff of the Department's Gas and Water Rates Section and the Office of Accounting, Audits and Finance have reviewed the Company's workpapers and calculations and disagrees with the Company's calculation of the RPT surcharge. Staff found that the Company's calculation included a special franchise tax which is not a component of property taxes in the context of this reconciliation. Staff therefore, removed the special franchise tax from the calculation resulting in a total over-collection of \$258,306, including interest. The total over-collection is comprised of \$101,566 in revenue and production costs, \$152,205 in property taxes and, \$4,536 in various other reconcilable items and results in a one-time refund of \$5.82 per customer. This refund will only apply to residential and commercial customers of the former New York Water Service Corporation.

As a reminder, per the Revenue Adjustment Clause established in case 09-W-0237 and continued in case 11-W-0472, because the company did not file for rate relief to be effective by April 1, 2015, the monthly revenue target levels for the twelve-months ending March 31, 2016 will be established by using the monthly averages of metered revenue for the most recent five years applied to the rate year three target level of \$25,622,843.

Please file the *Revenue and Production Cost Reconciliation Adjustment Clause and Property Tax Clause - Statement No. 5* (PSC No. 2 – Water) as discussed above with the Secretary of the Commission that reflects the resulting refund in this letter with an effective date of September 1, 2015. 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: Joseph Lochner, Chief, Office of Accounting, Audits and Finance (via email)  
Suzana Duby, Esq., New York American Water (via email)  
Brian Bruce, President, New York American Water (via email)