

P.S.C. No. 1 – Water  
SUEZ Water New York Inc.  
Initial Effective Date: April 3, 2019

Statement Type: SIC  
Statement No.1

### **SYSTEM IMPROVEMENT SURCHARGE (SIC)**

#### **Applicable to all Metered Customers and Fire Protection Customers**

##### **I. General Description**

Purpose: To recover the carrying costs (i.e., return and depreciation expense) associated with the construction of specific reviewed and approved projects placed in service in Rate Year one and beyond. The use of the SIC mechanism is approved for the following projects:

- xxxxxxxx

Effective Date: The SIC will become effective for bills rendered on and after xx/xx/xxxx.

##### **II. Computation of the SIC Surcharge**

Calculation: When the Company has incurred actual expenditures for projects listed above and the new facilities have been placed in service, then the amount of those expenditures (net of the associated (1) retirements, including cost of removal and any related tax benefits, (2) accumulated deferred income taxes ("ADIT"), and (3) accumulated depreciation reserve / accumulated amortization, i.e., the net rate base ["NRB"]) will constitute the incremental rate base investment subject to the SIC.

The SIC filing will be made within 30 days after the project has been placed into service. The Company will provide Staff with the detailed project information regarding the SIC (such as in-service dates, actual expenditures incurred, retirements, etc.). Staff will have 60 days to analyze and verify such data.

Formula: The formula for the calculation of the SIC Surcharge is as follows:

$$\text{SIC surcharge} = ((\text{NRB} \times \text{PRE-Tax ROR}) + D) / \text{GF} / \text{AR}$$

Where:

NRB	=	The cost of the specific approved facilities listed above, net of associated (1) retirements, including cost of removal and any related tax benefits, (2) ADIT and (3) accumulated depreciation reserve / accumulated amortization.
Pre-tax ROR	=	9.24%
D	=	Annual depreciation / amortization on the net additions
GF	=	Gross-up factor before income taxes (98.26%)
AR	=	SWON's Projected Annual Base (Metered) and Fire Protection Revenues

Effective with this statement, the SIC surcharge is 0.00 %

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III. Safeguards

Audit/Reconciliation: A reconciliation between authorized collections and actual collections related to the SIC surcharge will be conducted annually and filed with the Secretary to the Commission within 60 days of the end of each rate year. Any under collections or over collections will accrue interest at the customer deposit interest rate established by the Commission each year. Adjustments of the under collections and over collections, as well as updates related to accumulated depreciation reserve, will be reflected in the next SIC surcharge filing.