

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

Statement Type: RRC
Statement No. 4

REVENUE AND PRODUCTION COST RECONCILIATION ADJUSTMENT CLAUSE STATEMENT

Applicable to all Metered Customers:

APPLICABLE TO USE OF SERVICE FOR TOWNS OF RAMAPO, HAVERSTRAW, STONYPPOINT, CLARKSTOWN AND ORANGETOWN IN THE COUNTY OF ROCKLAND AND THE TOWNS OF TUXEDO, WARWICK AND MONROE IN THE COUNTY OF ORANGE, NEW YORK. (F/K/A SUEZ WATER NEW YORK).

APPLICABLE FOR USE OF SERVICE FOR CITY OF NEW ROCHELLE, VILLAGE OF BRONXVILLE, VILLAGE OF TUCKAHOE, VILLAGE OF PELHAM MANOR, VILLAGE OF PELHAM, VILLAGE OF ARDSLEY, VILLAGE OF DOBBS FERRY, VILLAGE OF HASTINGS-ON-HUDSON, TOWN OF MAMARONECK, TOWN OF GREENBURGH, TOWN OF MOUNT PLEASANT AND TOWN OF EASTCHESTER IN WESTCHESTER COUNTY, NEW YORK. (F/K/A SUEZ WATER WESTCHESTER RATE DISTRICT #1)

APPLICABLE FOR USE OF SERVICE FOR VILLAGE OF PORT CHESTER, VILLAGE OF RYE BROOK AND THE CITY OF RYE IN WESTCHESTER COUNTY, NEW YORK. (F/K/A SUEZ WATER WESTCHESTER RATE DISTRICT #2)

APPLICABLE TO USE OF SERVICE FOR OWEGO AND THE VILLAGE AND PARTS OF THE TOWN OF NICHOLS, TIOGA COUNTY, NEW YORK (F/K/A SUEZ WATER OWEGO NICHOLS)

APPLICABLE TO USE OF SERVICE FOR RESIDENTIAL, COMMERCIAL, AND GENERAL USE CUSTOMERS IN CARMEL, SOUTHEAST, HILLTOP MEADOWS SUBDIVISION, TONETTA LAKE ROAD, NORTH BREWSTER ROAD, TOWN OF SOUTHEAST, DEVELOPMENT OF MISTY HILLS AND TOWN OF PATTERSON, PUTNAM COUNTY AND THE TOWN OF LEWISBORO, WESTCHESTER COUNTY. (F/K/A SUEZ WATER OWEGO NICHOLS)

According to the terms and conditions of the Commission's Order issued in Case 19-W-XXXX, issued and effective January xx,xxxx, 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.

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

Statement Type: RRC
Statement No. 4

REVENUE AND PRODUCTION COST RECONCILIATION ADJUSTMENT CLAUSE STATEMENT (continued)

Target levels for Revenue and Production Costs are listed below:

Targets	Year Ending
	January 31, 2020
Metered Revenues Facility and Consumption	\$164,841,648
Purchased Power	\$3,559,840
Chemicals	\$1,347,708
Sludge Removal	\$1,157,525
Purchased Water	\$16,877,354
Property Taxes	\$39,096,927

In accordance with the property tax mechanism set forth in the Joint Proposal approved by the Commission in Case 19-W-XXXX, actual property taxes will be reconciled with the stated targets. If actual property taxes exceed the specified target levels, 85% of the variance will be recovered from ratepayers. If actual property taxes fall below the target levels, ratepayers will receive 100% of the benefit, unless the Company can demonstrate it took action to obtain the lower taxes, in which case the Company can retain 20% of the difference.

In accordance with the terms set forth in Section XX of the Joint Proposal approved by the Commission in Case 19-W-XXXX, 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 XX/XX/XXX is (\$0).

A net surcharge of X.XX% 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

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

Statement Type: RRC
Statement No. 4

**REVENUE AND PRODUCTION COST RECONCILIATION ADJUSTMENT CLAUSE
STATEMENT
(continued)**

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 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.