

PSC No. 5 - WATER**STATEMENT TYPE: RPCRC****COMPANY: NEW YORK AMERICAN WATER COMPANY, INC.****STATEMENT NO.: 6****INITIAL EFFECTIVE DATE: NOVEMBER 1, 2019**

Issued in compliance with Commission Order issued 10/21/19 in Case 16-W-0259

**REVENUE AND PRODUCTION COST RECONCILIATION ADJUSTMENT CLAUSE AND
PROPERTY TAX CLAUSE**

Applicable to all Metered Customers in Service Classifications 1, 2, 5 and 6.

Revenues and Production Costs Targets

Commission Order in Case 16-W-0259, dated May 18, 2017, directed that the differences between the level of billed metered revenues and the level of production costs (fuel, power and chemicals) versus the targets presented below, as estimated and approved in the most recent rate case, in each Rate Year for the period April 1, 2017 through March 31, 2021, will be deferred and recovered or refunded, by way of a surcharge or credit, through the RPCRC Mechanism over a twelve month period.

The Company will submit its RPCRC filing within 60 days of the end of each Rate Year. The submitted net surcharge or credit will go into effect 45 days after submittal unless Staff submits a letter to the Company indicating that the reconciliation amounts should be adjusted. The then-current Rate Year's net revenue variance will be recovered or refunded annually through a percentage surcharge or credit to be applied to all metered customers' bills. Unless otherwise determined by the Commission, this surcharge or credit will be based on the projected revenues from metered water sales for the following Rate Year and will be recovered or refunded during the following Rate Year.

In accordance with Commission Orders in Cases 16-W-0259, 17-M-0815, and 18-W-0554, for purposes of reconciliation under the RPCRC, the target levels for metered revenues and production costs will be as follows, with the levels from the fourth Rate Year carrying forward for all future years until new target levels are set by the Commission in the next rate proceeding¹:

Rate Year 1 Ending March 31, 2018	Service Area 1	Service Area 2
Metered Revenues	\$55,214,909	\$30,884,693
Fuel, Power, and Chemicals	\$4,645,605	\$2,029,824
Rate Year 2 Ending March 31, 2019	Service Area 1	Service Area 2
Metered Revenues	\$64,644,943	\$32,703,737
Fuel, Power, and Chemicals	\$4,833,388	\$2,041,756
Rate Year 3 Ending March 31, 2020	Service Area 1	Service Area 2
Metered Revenues	\$69,560,986	\$35,276,701
Fuel, Power, and Chemicals	\$4,865,415	\$2,053,753

¹ If the Company decides to not file for rate relief to be effective by April 1, 2021, monthly target levels beyond Rate Year 4 will be set using the monthly averages of metered revenue for the most-recent five years applied to the Rate Year 4 target level noted above. These monthly target levels are for calculating the RPCRC for any period of time not equivalent to a 12-month rate year for NYAW.

Issued by: Lynda B. DiMenna, President, 60 Brooklyn Avenue, Merrick, New York 11566

Cancelled by Doc. Num. 7 effective 05/01/2021

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**REVENUE AND PRODUCTION COST RECONCILIATION ADJUSTMENT CLAUSE AND
PROPERTY TAX CLAUSE (CONTINUED)**

Rate Year 4 Ending March 31, 2021	Service Area 1	Service Area 2
Metered Revenues	\$73,099,385	\$37,595,880
Fuel, Power, and Chemicals	\$4,845,464	\$2,065,531

Property Tax Targets

In accordance with the property tax mechanism approved by the Commission in Case 16-W-0259, the Company is permitted to reconcile forecasted property taxes to actual property taxes.

For each year of the Rate Plan, the variance between forecasted and actual property taxes will be tracked. For Rate Years 1 and 2, the Company will absorb 15% of any variance of actual property taxes above the forecasted level, and the remaining variance (85%) shall be deferred and fully recovered from ratepayers in the following 12-month period as part of the RPCRC Mechanism. For Rate Years 3, 4 and beyond, the Company will absorb 10% of any variance of actual property taxes above the forecasted level, and the remaining variance (90%) shall be deferred and fully recovered from ratepayers in the following 12-month period as part of the RPCRC Mechanism.

In the event that actual property taxes are below those forecasted for a Rate Year, the Company will be allowed to retain the same percentage of the savings established for overages, but only if the Company successfully demonstrates that the reduction in property tax expense was a direct result of the Company's intervention and action.

In accordance with Commission Orders in Cases 16-W-0259 and 17-W-0300, the forecasted property tax levels for utility assets for the four-year Rate Plan are:

	Service Area 1	Service Area 2 Merrick District	Service Area 2 Sea Cliff District
Rate Year 1²	\$22,226,002	\$10,382,025	\$3,298,216
Rate Year 2	\$23,115,042	\$10,797,306	\$2,608,119
Rate Year 3	\$24,039,644	\$11,229,198	\$2,712,444
Rate Year 4	\$25,001,230	\$11,678,366	\$2,820,941

² The original RY1 property tax target shown for Sea Cliff was corrected to reflect \$2,571,536 and the differential was used in the calculation of the September 2018 sur-credit discussed on the following page.

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**REVENUE AND PRODUCTION COST RECONCILIATION ADJUSTMENT CLAUSE AND
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Any refunds due ratepayers from any net over-recovery in the rate year will be credited to customers' bills in the earliest month, as administratively practical, of the following Rate Year. Customer bills will be surcharged per customer per month, to recover any deferral of cost recovery in the Rate Year beginning in the earliest month, as administratively practical, of the following Rate Year and continue each month thereafter, as necessary, until the entire deferral is recovered. Any credit/surcharge is subject to the applicable local gross revenue taxes as set forth in the current tax statements.

Revenue Adjustment Clause (RAC) and Property Tax Reconciliation (PTR) Surcharge

RAC/PTR surcharge for Rate Year 2 ending March 31, 2019 is as follows:

For New York American Water's Service Area 1 (SA1), in relation to the above-referenced targets, the surcharge is 6.47% on metered charges for metered customers.

For New York American Water's Service Area 2 (SA2) – Merrick District, in relation to the above-referenced targets, the surcharge is 5.57% on metered charges for metered customers.

For New York American Water's SA2 – Sea Cliff District, in relation to the above-referenced targets, the surcharge is 4.78% on metered charges for metered customers.

This sur-charge will be applied to total metered charges for the period November 1, 2019 through October 31, 2020.

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