

PSC NO: 2 - WATER
 COMPANY: NEW YORK AMERICAN WATER COMPANY, INC.
 INITIAL EFFECTIVE DATE: August 1, 2014
 Issued in compliance with Order in Case 11-W-0472 issued and effective April 20, 2012.

STATEMENT TYPE: RRC2
 STATEMENT NO: 4
 Page 1 of 2

Revenue and Production Cost Reconciliation Adjustment Clause and Property Tax Clause

Applicable to all Metered Customers in Service Classification 1-E

Pursuant to the terms and conditions of the Commission's Order (the order) in Case 11-W-0472 issued and effective April 20, 2012 and the provisions of the Joint Proposal (JP) contained therein, the existing Revenue Adjustment Clause (RAC) will continue with modifications as described below. The rates applicable to all metered customer accounts, as defined above, be subject to automatic adjustment by way of a surcharge, or credit, based on the difference between the actual net metered revenues (operating revenues less production costs) for the preceding rate year and the net revenue targets as included in the table below. The net revenue difference will be added or subtracted, as the case may be, to the RAC balance as of the dates indicated in the table below. In the approved JP, target levels for revenues, production costs and property taxes were set for future years as follows, with the levels from January 31, 2013 (the third rate year per Case 09-W-0927) carrying forward for all future years until new target levels are set in the next rate proceeding:

Year Ending	January 31, 2013	March 31, 2014	March 31, 2015
Revenue Target	\$25,622,843	\$28,108,256	\$25,622,843
Production Costs	\$ 2,389,816	\$ 2,672,265	\$ 2,389,816
Property Taxes	\$ 8,336,459	\$ 9,725,869	\$ 8,336,459

Within 60 days of the end of each rate year the surcharge/credit for each rate year is calculated as follows: The actual net metered revenues for each rate year are compared to the target levels set forth above. The difference, including accrued interest, results in a surcharge/credit to customers. The amount to be surcharged/refunded to customers derived from the calculation described above during the ensuing year per the table above will be based on the provisions in the JP as approved by the Commission.

Issued by: William M. Varley, President, 60 Brooklyn Avenue, Merrick, NY 11566

PSC NO: 2 - WATER
COMPANY: NEW YORK AMERICAN WATER COMPANY, INC.
INITIAL EFFECTIVE DATE: August 1, 2014
Issued in compliance with Order in Case 11-W-0472 issued and effective April 20, 2012.

STATEMENT TYPE: RRC2
STATEMENT NO: 4
Page 2 of 2

Revenue and Production Cost Reconciliation Adjustment Clause and Property Tax Clause

Applicable to all Metered Customers in Service Classification 1-E

In accordance with the property tax mechanism set forth in the JP approved by the Commission in Case 11-W-0472, the PSC has permitted the company to reconcile property taxes each year. Actual property taxes are compared to the targets noted above, with the following stipulations: (1) if actual costs exceed the target, 85% of the difference will be deferred for recovery, and (2) if actual costs are below the target, 100% of the difference will be deferred for refund to customers. For the rate years ended per the table above, such reconciliations will result in a surcharge/credit to customers subject to the provisions of the JP. The surcharge/credit will be reflected on bills annually and included as part of the RAC calculation.

For the rate year ended March 31, 2014 a one-time credit of \$16.83 per metered customer will be reflected on their bills beginning August 2014.

Issued by: William M. Varley, President, 60 Brooklyn Avenue, Merrick, NY 11566