

P.S.C. No. 1 – Water
 United Water New York Inc.
 Initial Effective Date: August 1, 2013

Effective Date: 11/30/2014
 Statement Type: LTWSS
 Statement No. 2

HAVERSTRAW WATER SUPPLY PROJECT LONG-TERM WATER SUPPLY SURCHARGE (“LTWSS”) STATEMENT

Applicable to all Customers (including but not limited to metered and fire protection customers)

I. General Description

Purpose: The LTWSS will be used initially to recover the pre-tax return on costs associated with the Haverstraw Water Supply Project (“HWSP”) prior to the project being placed in service. The LTWSS will expand to recover depreciation, amortization, property taxes, chemicals, energy, residuals removal (sludge) and costs of additional personnel assigned to the operation of the facility as the costs are realized and incurred on the Company’s books and records.

Effective: The LTWSS will become effective on the Initial Effective Date.

II. Computation of the LTWSS

Calculation: The initial LTWSS will reflect all capital costs related to the HWSP through the effective date of the first surcharge. The LTWSS will then be updated semi-annually utilizing actual HWSP costs for the preceding three (3) months and a forecast of (3) months, with the update being submitted to New York State Department of Public Service Staff (“Staff”) sixty (60) days prior to the effective date.

LTWSS Amount: The LTWSS will be expressed as a percentage carried to two (2) decimal places, and will be applied to the total amount billed to each customer under the Company’s applicable rates and charges. The surcharge will be subject to all revenue based taxes.

Formula: The formula for the calculation of the LTWSS is as follows:

$$\text{LTWSS} = (((\text{CE} - \text{AD} - \text{ADIT}) \times \text{ROR}) + \text{D} + \text{A} + \text{P} + \text{PT} + \text{C} + \text{E} + \text{R}) / \text{PABR}$$

Where: CE = Capital Expenditures

AD = Accumulated Depreciation

ADIT = Accumulated Deferred Income Taxes

ROR = Pre-Tax Return (as set in the Company’s last effective rate case order)

D = Depreciation Expense

A = Amortization Expense

P = Payroll and Benefit Expense associated with new positions to operate the facility

PT = Property Taxes

C = Chemicals

E = Energy

R = Residuals Removal

PABR = UWNY’s projected annual metered and fire protection revenues

Issued by: M.J. Pointing, V.P. & Gen. Mgr., 360 West Nyack Road, West Nyack, NY 10994

Cancelled by supplement No. 12 effective 11/29/2014

Effective date postponed to 11/30/2014. See Supplement No. 11.

Suspended to 07/29/2014 by order in Case 13-W-0246. See Supplement No. 8. The supplement filing date was 01/17/2014

Suspended to 01/29/2014 by order in Case 13-W-0246. See Supplement No. 6. The supplement filing date was 09/23/2013

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**HAYERSTRAW WATER SUPPLY PROJECT
LONG-TERM WATER SUPPLY SURCHARGE (“LTWSS”) STATEMENT (Continued)**

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Surcharge Percentage: Effective with this statement, the surcharge is 8.08%.

III. Safeguards

Audit/Reconciliation: The LTWSS will be subject to an annual Staff audit. The LTWSS will also be subject to annual reconciliations by the Company between authorized LTWSS collections and actual LTWSS collections. The annual reconciliations will be filed by the Company with the Commission within sixty (60) days of the end of each LTWSS implementation year. Any over-collections or under-collections will accrue interest at the other customer capital rate established by the Commission for each year. Interest will start accruing on the first day of the following surcharge year. Adjustments for over and under collections will be reflected in the next LTWSS semi-annual update following the annual reconciliation filing.

Customer Notice: Customers shall be notified of the LTWSS via an explanatory bill insert included with the first LTWSS billing. Notice of subsequent changes in the LTWSS will be provided by the inclusion of appropriate information on the first bill customers receive following such change.

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