

**PSC No. 1 - WATER****STATEMENT TYPE: RPCRC****COMPANY: NEW YORK AMERICAN WATER COMPANY, INC.****STATEMENT NO: 2****INITIAL EFFECTIVE DATE: NOVEMBER 1, 2013**

Issued in compliance with order in Case 11-W-0200 dated 03/20/2012

**GENERAL INFORMATION**Revenue and Production Cost Reconciliation Adjustment Clause and Property Tax Clause

Applicable to all Metered Customers in Service Classifications 1, 1A and 3.

Commission Order in Case 07-W-0508, dated March 5, 2008, directed that 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 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 difference is then surcharged (or credited) to be recovered (or refunded) over the ensuing year. In the following proceeding, Case 11-W-0200, target levels for revenues, production costs and property taxes were set for future years as follows, with the levels from the third rate year carrying forward for all future years until new target levels are set in the next rate proceeding (the revenue numbers below do not include net RAC adjustments for the rate year ending March 31, 2013 of (\$40,303) (\$8,977 for the Service Centers and (\$49,280 ) for Demutualization) from the Commission decision on 11/20/2002 in Cases 02-W-0054 and 02-W-0056):

Year Ending	March 31, 2013	March 31, 2014	March 31, 2015
Revenues	\$47,549,412	\$48,807,844	\$49,869,621
Production Costs	\$3,953,224	\$4,032,684	\$4,118,580
Property Taxes	\$11,893,414	\$12,132,472	\$12,390,893

The surcharge/credit for the year ending March 31, 2013 is calculated as follows:

The actual net revenues for the year ended March 31, 2013 of \$44,494,941 was compared to the target level set forth above. The difference, including accrued interest, results in a surcharge to customers of \$3,326,845.

The net amount to be surcharged to customers derived from the calculation described above, during the ensuing year ending March 31, 2014 is: \$3,326,845

Since the total number of metered customers is: 73,339

The surcharge per customer amounts to: \$45.36

In accordance with the property tax mechanism set forth in the settlement agreement approved by the Commission in Case 11-W-0200, the PSC has permitted the Company to reconcile property taxes. For the rate year ended March 31, 2013, such reconciliation resulted in a surcharge to customer of \$2,004,110.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

**PSC No. 1 - WATER****STATEMENT TYPE: RPCRC****COMPANY: NEW YORK AMERICAN WATER COMPANY, INC.****STATEMENT NO: 2****INITIAL EFFECTIVE DATE: NOVEMBER 1, 2013**

Issued in compliance with order in Case 11-W-0200 dated 03/20/2012

**GENERAL INFORMATION**Revenue and Production Cost Reconciliation Adjustment Clause and Property Tax Clause  
(cont'd)

As a result, the net RPT surcharge to each customer's bill amounts to \$27.33.

The total, net RAC/RPT surcharge per customer is \$70.27, or \$5.86 per month.\*

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, no greater than \$4 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. Should the \$4 per customer per month surcharge limit be inadequate to fully recover any deferred costs prior to the end of the following rate year, the limit will be waived. For sprinkler customers there will be a one time credit/surcharge. Any credit/surcharge is subject to the applicable local gross revenue taxes as set forth in the current tax statements.

\* Pursuant to the authorization to implement the RAC/RPT surcharge (Case 11-W-0200), the Company has included the following in the total RAC/RPT surcharge: (1) \$11,148 in synergy savings not realized as a result of the one-month delay of the Commission's approval of Case 11-W-0472, and (2) an offset to this RAC/RPT surcharge using proceeds totaling \$188,465 (including accrued interest) from a tax refund received from the Village of Valley Stream.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY