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Three Empire State Plaza, Albany, NY 12223-1350
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October 26, 2017

Frank X. Simpson, Director of Rates & Regulation
New York American Water Company, Inc. –
Long Island Water Corporation
1025 Laurel Oak Road
Voorhees, New Jersey 08043

Re: Case 11-W-0200 – New York American Water Company, Inc., f/k/a Long Island Water Corporation, Revenue and Property Tax Reconciliation Mechanism for the Rate Year Ended March 31, 2017

Dear Mr. Simpson,

I am in receipt of your letter dated May 31, 2017 and accompanying workpapers detailing the calculation of the Revenue, Production and Property Tax (RPT) Reconciliation for the rate year ended March 31, 2017. The letter reports a total revenue and property tax under-collection of \$11,959,835, which includes interest. The resulting monthly surcharge amounts to \$13.69 or \$164.26 annually per customer.

Department of Public Service Staff (Staff) has reviewed the Company's workpapers and calculations and disagrees with the Company's calculation of the RPT surcharge. Staff found that the Company incorrectly included the amount of \$193,523 to reconcile the SIC surcharge. While Staff reviewed this amount and agrees that it reconciles the actual and targeted collection from the SIC surcharge, this amount should instead be filed with the Company's next SIC surcharge update, per the Commission's Order Determining Revenue Requirement and Rate Design, issued March 20, 2012. Staff removed this amount from the RPT surcharge and calculated a total under-collection of \$11,766,311, which results in a monthly surcharge of \$13.47 per customer or \$161.60 per year.

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The Revenue and Production Cost Reconciliation Adjustment Clause and Property Tax Clause Statement states that if a \$4.00 per customer per month surcharge limit is inadequate to fully recover any deferred costs prior to the end of the following rate year, the limit can be waived. Because the resulting surcharge is \$13.47 per customer per month, the \$4.00 limit is waived. An effective date of November 1, 2017 allows for the current RPT Surcharge to expire and allow a twelve-month collection period for ease of company billing procedures.

Please file an updated *Revenue and Production Cost Reconciliation Adjustment Clause and Property Tax Clause - Statement No. 3* (PSC No. 1 – Water) as discussed above with the Secretary to the Commission that reflects the resulting surcharge in this letter with an effective date of November 1, 2017. If you have any questions please contact Andrew Timbrook at (518) 486-2463.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael J. Rieder', with a long horizontal flourish extending to the right.

Michael J. Rieder
Chief, Gas and Water Rates
Office of Electric, Gas and Water

cc: Tim Canty, Chief, Office of Accounting, Audit and Finance
Dante M. DeStefano, Manager Rates & Regulation, NYAW