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Three Empire State Plaza, Albany, NY 12223-1350
www.dps.ny.gov

December 5, 2019

Ms. Lynda DiMenna
New York American Water Company, Inc.
60 Brooklyn Ave.
Merrick, New York 11566

Re: Case 16-W-0259 - New York American Water Company, Inc., System Improvement Charge (SIC)
Surcharge Reconciliation Mechanism for the Rate Year ended March 31, 2019.

Dear Ms. DiMenna,

The Commission's order in Case 16-W-0259 adopted a multi-year rate plan for New York American Water Company, Inc. (the Company) which provided a System Improvement Charge (SIC) surcharge to recover the revenue requirement associated with specific capital projects placed in service in the current rate plan and beyond. In addition, the Company is required to file annual reconciliations between authorized collections and actual collections related to the SIC surcharge.

On May 30, 2019, Staff received a letter and attachments from the Company proposing SIC surcharges for both Service Area (SA) 1 and SA2 resulting from total expenditures of \$17,673,592 with no asset retirements. The associated carrying charges were \$1,674,817, or 2.41%, for SA1 and \$293,185, or 0.83%, for SA2. Department of Public Service Staff (Staff) reviewed the Company's workpapers and calculations and agrees with the filed SIC surcharges. Staff provided verbal confirmation of its approval and the Company instituted the resulting SIC surcharge beginning August 1, 2019. This letter is to formally document Staff's agreement with the proposed SIC surcharges.

For future SIC filings, please include a proposed *System Improvement Charge Statement* with the annual SIC filings, with an August 1st effective date, which will go into effect if no action is taken. For the instant SIC surcharges, please file the *System Improvement Charge Statement No. 2* with the Secretary of the Commission reflecting the resulting SIC surcharges of 2.41% for SA1 and 0.83% for SA2, with an effective date of December 6, 2019. If you have any questions, please contact Michael Colby at (518) 473-6528.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Rieder".

Michael J. Rieder
Deputy Director, Rates and Tariffs
Office of Electric, Gas and Water

cc: Tim Canty, Chief, Office of Accounting, Audit and Finance
John T. Dillion, Vice President & General Counsel
Lisa N. Figliozzi, Senior Manager Rates & Regulation, NYAW