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COMPANY: NEW YORK WATER SERVICE CORPORATION REVISION: 2

INITIAL EFFECTIVE DATE: 01/01/02 SUPERSEDING REVISION: 1

STAMPS: ISSUED IN COMPLIANCE WITH COMM ORDER DATED 11/18/99 IN CASE 98-M-0489

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Temporary Metropolitan Transportation Business Tax Surcharge (MTA Tax) Statement No. 1

On June 8, 1994, the Governor signed into law an amendment which provided for the reimposition of the Metropolitan Transportation Business Tax Surcharge. The Surcharge, which remained at 17%, now extends through 2003. The Commission, by order adopted June 3, 1993, authorized all water utilities to file statements designed to make them whole for their tax liability. Accordingly, that tax will be recovered through a surcharge of .566% which would be applied to all service rendered in every service classification after the effective date of this leaf.

Issued by: Vincent Bohn, Vice President-Utilities, New York, NY