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COMPANY: NEW YORK WATER SERVICE CORPORATION REVISION: 1
INITIAL EFFECTIVE DATE: 04/01/99 SUPERSEDING REVISION: 0
STAMPS: Issued in compliance with commission order in Case 98-W-1233 dated Mar
Cancelled by 2 Rev. Leaf No. 83 Effective 11/09/2001
RECEIVED: 03/31/99 STATUS: Cancelled EFFECTIVE: 04/01/99

SERVICE CLASSIFICATION NO. 1-E
REVENUE AND PRODUCTION COST RECONCILIATION ADJUSTMENT

The New York State Public Service Commission (the "Commission") has authorized the Company to make use of a Revenue Reconciliation Clause. Under the provisions of the Clause any excess in net revenues over those allowed by the Commission (operating revenues less associated production costs, such as power and chemicals) will be returned to the Company's metered customers. Alternatively, the Company will be made whole by these customers should there be any shortfall in net revenues. This test to determine the excess or shortfall in net revenues will be to a fiscal year ending June 30.

Interest will be added to the net revenue adjustment. The interest will be calculated using the currently allowed unadjusted customer's deposit rate.

Under the provisions of the Clause, one-third of the net revenue adjustment for each year ending June 30, including interest, will either be refunded to, or collected from, the metered customers during the following twelve month period.

Any surcharge or credit to be applied will either be billed or refunded as a percentage of metered customers bills based on total revenues from the Company's metered customers.

To the extent the Fund established pursuant to Commission Order issued and effective October 29, 1998 in Case Nos. 97-W-1273 and 98-W-0844 is insufficient to reimburse the Company for 85% of the Company's real property taxes in excess of \$4.94 million per annum, for the period April 1, 1999 through March 31, 2002, then, and in such event, the Company may reimburse itself from time to time from any credit due customers under this Revenue Reconciliation Clause for such excess as provided in said Commission Order.

This Revenue Reconciliation Clause will remain in effect until such time as the Company seeks Commission approval to bring it to an end or until the Commission on its own motion acts to bring it to an end.

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