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Via Electronic Filing and Hand Delivery

Honorable Kathleen H. Burgess
Secretary
State of New York
Department of Public Service
Three Empire Plaza
Albany, NY 12223

Dear Secretary Burgess:

New York American Water Company, Inc. ("NYAW" or "Company") hereby submits its new proposed tariff PSC No. 5 – Water, superseding NYAW tariffs PSC No. 1 through PSC No. 4. This rate filing is to request new water rates for services provided within the Company's service territory. The proposed tariff leaves annexed hereto as Appendix A are issued as of April 29, 2016, to become effective on May 29, 2016. NYAW understands, however, that the Commission may suspend the effective date of the proposed tariff changes such that the rates and other changes will not become effective until April 1, 2017.

There are four major components to this rate filing: (1) continued investment in infrastructure; (2) effective management and reduction of operating and maintenance expenses; (3) escalation of property taxes; and (4) consolidation of the numerous tariffs currently in effect throughout NYAW's service territory. The proposed rate plan takes into account these drivers, and is designed to provide customers with safe and adequate water service at a reasonable cost.

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The infrastructure improvements requested through this rate filing reflect the Company's continuing commitment to maintain system reliability, water quality, and safety. Proposed capital projects include investments to manage the naturally occurring iron found in the groundwater, as well as various system upgrades designed to improve water service and reliability in the numerous small water systems recently acquired by NYAW. Given the need to replace and rehabilitate aging distribution system mains, hydrants and services, the Company is also proposing, as part of this rate plan, to continue and expand its main replacement program to include its entire service territory.

Included in the capital investment recovery request is an innovative pilot program involving the installation of a geothermal heating and cooling system in an elementary school in Valley Stream, New York. This one-of-a-kind clean energy system utilizes water from the Company's distribution system to provide emission-free heating and cooling to the school, resulting in lower heating bills, the ability for students to learn in comfort during hot weather, and expanded, year-round use of the school for its students and the community. This clean energy initiative is an example of NYAW's commitment to supporting the Commission's Reforming the Energy Vision and New York State's clean energy goals. NYAW will file a petition with the Commission in the near future, in which it will make a proposal regarding the expansion of the geothermal program in its service territory, as well as the tariff mechanism for recovery of costs associated with this program.

In this rate filing, the Company is also seeking to expand its System Improvement Charge ("SIC") to cover its entire service territory in order to facilitate the construction of large, capital investments. NYAW has demonstrated, with great success, that it has utilized its current SIC mechanism to make infrastructure investments resulting in improved water quality and service reliability.

Due to various acquisitions, the Company increased the number of customers it serves by 69% since its last base rate filing. Despite this dramatic increase in customer count, NYAW has been able to decrease operating and maintenance expenses by \$1.9 million compared to consolidated, previously authorized levels. This O&M reduction is captured in the rate filing, providing evidence of the Company's continuing efforts to manage the cost of providing service to customers.

Unfortunately, there are certain costs, such as property taxes, that are primarily beyond the Company's control, and that drive the need to request rate relief. NYAW has historically challenged property tax assessments aggressively and successfully. The Company has refunded over \$20 million to its customers over the past ten years, and will continue to institute challenges to property tax assessments going forward. However, property taxes comprise more than 20% of the Company's requested revenue requirement change in this proceeding.

NYAW requests a revenue requirement increase of approximately \$8.49 million. This request would result in an overall increase in present rate revenues of 8.3%, and is supported by the information contained within this filing. However, this increase is not an across-the-board increase, and will impact each of the prior companies differently, with the majority of the former companies seeing a benefit as a result of the proposed consolidation. Additionally, this tariff is designed to promote conservation, and those customers who are able to manage their consumption will see the greatest benefit.

Also proposed within this rate filing is a consolidation of the numerous tariffs and general terms and conditions currently in effect for the various NYAW service territories. Consolidation of the tariffs and general terms and conditions would result in numerous benefits to customers, including administrative efficiencies and lower administrative expenses, reduced customer confusion, and mitigation of the rate effect of necessary capital investments across multiple service areas.

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Proposed Rate Term

The filing submitted herein proposes a one-year rate plan for water service with an historical test year ending December 31, 2015, and a rate year ending March 31, 2018. However, NYAW is interested in exploring a multi-year rate plan in settlement discussions with Staff and interested parties. Multi-year rate plans benefit customers by providing certainty as to the level of the Company's rates over a number of years. A multi-year rate plan would also serve to facilitate the capital and investment programs and proposals set out within this filing.

Information Accompanying this Filing

The proposed rate plans require a change to the Company's current water service charges as well as a consolidation and revision of the Company's general terms and conditions. The proposed consolidated tariff leaves, including consolidated general terms and conditions, are provided in Appendix A as set forth below:

Appendix A: New Tariff Leaves, PSC No. 5 – Water, Leaves 1 through 86

Also annexed hereto is the draft Notice of Proposed Rulemaking in accordance with the requirements of the State Administrative Procedure Act.

NYAW will provide for public notice of the tariff changes annexed hereto by means of newspaper publication within its service territory once a week, for four consecutive weeks, as well as by customer letter where it is more appropriate to provide such notice in this manner, prior to June 15, 2016.

Respectfully submitted,

/s/ Suzana Duby

Suzana Duby

SD:dlc
Enc.

cc: Brian T. Fitzgerald, Esq. (via email, w/enc.)
DMM Party List in Cases 02-w-1564; 07-W-0508; 09-W-0237; and 11-W-0200 (via email, w/enc.)