

PSC No. 1 - WATER**STATEMENT TYPE: RPCRC****COMPANY: NEW YORK AMERICAN WATER COMPANY, INC.****STATEMENT NO: 3****INITIAL EFFECTIVE DATE: FEBRUARY 1, 2015**

Issued in compliance with order in Case 14-W-0072 issued and effective 1/12/15

GENERAL INFORMATIONRevenue and Production Cost Reconciliation Adjustment Clause and Property Tax Clause

Applicable to all Metered Customers in Service Classifications 1, 1A and 3.

Commission Order in Case 07-W-0508, dated March 5, 2008, directed that the rates applicable to all metered customer accounts, as defined above, be subject to automatic adjustment by way of a surcharge, or credit, based on the difference between the actual net revenues (operating revenues less production costs) for the preceding rate year and the net revenue target as estimated in the most recent rate case. The difference is then surcharged (or credited) to be recovered (or refunded) over the ensuing year. In the following proceeding, Case 11-W-0200, target levels for revenues, production costs and property taxes were set for future years as follows, with the levels from the third rate year carrying forward for all future years until new target levels are set in the next rate proceeding (the revenue numbers below do not include net RAC adjustments for the rate year ending March 31, 2013 of (\$40,303) (\$8,977 for the Service Centers and (\$49,280) for Demutualization) from the Commission decision on 11/20/2002 in Cases 02-W-0054 and 02-W-0056):

Year Ending	March 31, 2013	March 31, 2014	March 31, 2015
Revenues	\$47,549,412	\$48,807,844	\$49,869,621
Production Costs	\$3,953,224	\$4,032,684	\$4,118,580
Property Taxes	\$11,893,414	\$12,132,472	\$12,390,893

Revenues and Production Costs Calculation

The surcharge/credit for the year ending March 31, 2014 is calculated as follows:

The actual net Revenues for the year ended March 31, 2014 of \$45,966,884 was compared to the target level set forth above. The difference, including accrued interest, would result in a surcharge to customers of \$6,793,104.

The actual Production Costs for the year ended March 31, 2014 of \$4,291,025 was compared to the target level set forth above. The difference, including accrued interest, would result in a surcharge to customers of \$3,181,999.

Since the total number of metered customers is: 72,608

The combined Revenue and Production Cost surcharge per customer amounts to: \$43.82

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(cont'd)Property Tax Calculation

In accordance with the property tax mechanism approved by the Commission in Case 11-W-0200, the PSC has permitted the Company to reconcile property taxes. For the rate year ended March 31, 2014, such reconciliation would result in a surcharge to customers of \$3,691,606, including interest.

As a result, the net RPT surcharge to each customer's bill amounts to \$50.84.

Total RAC/RPT Surcharge

The total, net RAC/RPT surcharge per customer would be \$94.66, or \$7.89 per month.*

* However, pursuant to the authorization of the Commission in Case 14-W-0072, the Company has been permitted to utilize the proceeds from the sale of its property in Lynbrook to offset the the RAC/RPT surcharge. The Company has offset the RAC/RPT surcharge using proceeds totaling \$4,294,834 (\$4,276,032 in proceeds plus \$18,802 in accrued interest) from the sale of its Lynbrook office building.

As a result, the total net RAC/RPT undercollection yields an annual surcharge of \$35.52 per customer, to be collected over six months at \$5.92 per month, pursuant to the Commission's Order in Case 14-W-0072.

Any refunds due ratepayers from any net over-recovery in the rate year will be credited to customers' bills in the earliest month, as administratively practical, of the following rate year. Customer bills will be surcharged, no greater than \$4 per customer per month, to recover any deferral of cost recovery in the rate year beginning in the earliest month, as administratively practical, of the following rate year and continue each month thereafter, as necessary, until the entire deferral is recovered. Should the \$4 per customer per month surcharge limit be inadequate to fully recover any deferred costs prior to the end of the following rate year, the limit will be waived. For sprinkler customers there will be a one-time credit/surcharge. Any credit/surcharge is subject to the applicable local gross revenue taxes as set forth in the current tax statements.

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