

P.S.C. No. 1 – Water
UNITED WATER OWEGO-NICHOLS INC.
Initial Effective Date: April 22, 2014

Statement Type: RRC
Statement No. 3

REVENUE AND PRODUCTION COST RECONCILIATION ADJUSTMENT CLAUSE

Reconciliation of metered sales revenues applicable to all metered customers:

In Case 11-W-0082 the Commission approved that the rates applicable to all metered customer accounts be subject to automatic adjustment, by way of a surcharge or credit, based on the difference between the actual net metered revenues (operating revenues less production costs), and the revenue and production cost targets as estimated in the most recent rate case. Metered revenues are based on metered customers' bill-rendered base rate revenue plus the change in unbilled revenue at the beginning and end of each year.

At the end of the first year of the three-year rate plan the company will recover or return one-third of the difference between the actual net metered revenues and the targets. At the end of the second year one-third of the second year difference will be added against one-half of the remaining balance of the original first year balance. The third year amount will be calculated by netting the remaining balance from the original first year, one half of the balance the original second year and one-third of the third year difference. Accrued Interest at the other customer capital rate then in effect will be included in all calculations.

Target levels for revenues and production for future years are shown in the following table:

<u>Year Ending</u>	<u>January 31, 2013</u>	<u>January 31, 2014</u>	<u>January 31, 2015</u>
Revenue Target	\$ 1,475,200	\$ 1,664,600	\$ 1,693,383
Production Cost (Power & Chemicals)	\$ 107,883	\$ 110,041	\$ 112,363

The surcharge or credit for the year ending January 31, 2013 is calculated as follows:

The actual net metered revenues for the year ended January 31, 2014, of \$1,526,832 is compared to the target levels set forth above. The difference, including accrued interest at the other customer capital rate then in effect, results in a surcharge/credit to customers of 4.793%

Filed in compliance with Commission Order in Case 11-W-0082, issued March 21, 2012

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ADJUSTMENT CLAUSE
(continued)**

The above reconciliation will continue beyond the end of the Rate Plan at the third rate year targets until new target levels are set in the next rate proceeding.

The RRC reconciliation will be filed with the Secretary to the Commission within 60 days following the completion of each Rate Year. The submitted surcharge or credit will go into effect 45 days after submittal unless Staff submits a letter to the Company indicating the submitted reconciliation amounts should be adjusted.

Filed in compliance with Commission Order in Case 11-W-0082, issued March 21, 2102