

P.S.C. No. 1 – Water
Veolia Water New York Inc.
Initial Effective Date: April 3, 2023

Statement Type: RRC
Statement No. 3

REVENUE, PRODUCTION COST AND PROPERTY TAX RECONCILIATION ADJUSTMENT
CLAUSE (RRC)

NEW YORK/FOREST PARK/HERITAGE HILLS/OWEGO-NICHOLS

APPLICABLE TO USE OF SERVICE FOR TOWNS OF RAMAPO, HAVERSTRAW, STONYPPOINT, CLARKSTOWN AND ORANGETOWN IN THE COUNTY OF ROCKLAND AND THE TOWNS OF TUXEDO, WARWICK AND MONROE IN THE COUNTY OF ORANGE, NEW YORK.

APPLICABLE TO USE OF SERVICE FOR RESIDENTIAL, COMMERCIAL, AND GENERAL USE CUSTOMERS IN CARMEL, SOUTHEAST, HILLTOP MEADOWS SUBDIVISION, TONETTA LAKE ROAD, NORTH BREWSTER ROAD, TOWN OF SOUTHEAST, DEVELOPMENT OF MISTY HILLS AND TOWN OF PATTERSON, PUTNAM COUNTY AND THE TOWN OF LEWISBORO, WESTCHESTER COUNTY.

APPLICABLE TO USE OF SERVICE FOR RESIDENTIAL AND NON-RESIDENTIAL USE CUSTOMERS IN THE TOWN OF SOMERS IN THE COUNTY OF WESTCHESTER, NEW YORK.

APPLICABLE FOR USE OF SERVICE FOR OWEGO AND THE VILLAGE AND PARTS OF THE TOWN OF NICHOLS, TIOGA COUNTY, NEW YORK.

Applicable to all Metered Customers (Single Family Residential, Multi-Family Residential, Non-Residential & Service to Other Water Supply Systems)

Effective with this statement, the Surcredit for NEW YORK metered customers is (14.599%).

Effective with this statement, the Surcredit for FOREST PARK customers is (14.599%).

Effective with this statement, the Surcharge for HERITAGE HILLS customers is 0.00%.

Effective with this statement, the Surcharge for OWEGO-NICHOLS customers is 29.410%.

According to the terms and conditions of the Commission's Order issued in Case 23-W-XXXX, issued and effective February XX, XXXX the existing reconciliation will recommence with the modifications described below. The rates applicable to all metered customer accounts will be subject to automatic adjustment by way of a surcharge or a credit based on the difference between the actual net metered water revenues (operating revenues plus the change in unbilled revenue less production costs) for the preceding rate year and the net revenue targets shown in the table below. The then-current Rate Year's net revenue variance plus any prior net revenue variances will be recovered or refunded annually through a percentage surcharge or surcredit to be applied to all metered customers' bills. This surcharge or surcredit will be based on the projected revenues from metered water sales for the next succeeding Rate Year and will be recovered or refunded during the succeeding Rate Year.

The accumulated net revenue variance will accrue interest net of income tax from the end of each Rate Year at the Other Customer Capital Rate then in effect and will be subject to any applicable local taxes.

Suspended to 8/1/2023 by order in Case 23-W-0111. See Supplement No. 1. The supplement filing date was 3/22/2023
Suspended to 02/01/2024 by order in Case 23-W-0111. See Supplement No. 2. The supplement filing date was 07/24/2023
Cancelled effective 07/27/2023.

Issued by: Christopher J. Graziano, V.P. & Gen Mgr., 162 Old Mill Road, West Nyack, NY 10994

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CLAUSE (RRC) (Continued)

NEW YORK/FORREST PARK/HERITAGE HILLS/OWEGO-NICHOLS (continued)

Production costs will include the cost of sludge removal, power, chemicals and purchased water. If actual costs are less than the target for each year, 100% of the difference will be deferred and refunded through the Reconciliation. If actual costs exceed the target levels shown below, 95% of the difference for power and chemicals and 100% for purchased water and sludge removal will be deferred and recovered through the Reconciliation.

Target levels for Revenue and Production Costs are listed below:

<u>Rate Year Ending</u>	<u>Jan. 31, 2024</u>
Revenue Target	126,324,362
Production Cost	
Purchased Power	4,514,447
Chemicals	2,282,600
Sludge Removal	1,422,139
Purchased Water	307,084
Property Taxes	28,414,027

In accordance with the property tax mechanism set forth in the Joint Proposal approved by the Commission in Case 23-W-XXXX, the PSC has permitted the Company to reconcile property taxes each year. If actual property taxes exceed the specified target levels, 85% of the variance will be recovered from ratepayers. If actual property taxes fall below the target levels, ratepayers will receive 100% of the benefit, unless the Company can demonstrate it took action to obtain the lower taxes, in which case the Company can retain 15% of the difference. In accordance with the terms set forth in Section XX of the Joint Proposal approved by the Commission in Case 23-W-XXXX, the Company is required to defer any actual revenues above the estimated antenna site rental revenues included in the Company's revenue requirement. The amount netted to the Revenue and Production Cost Surcharge for the RY ended XX/XX/XXXX is (\$0).

A net surcharge/surcredit of X.XX% which is based on the Company's total metered sales revenues will be billed/refunded to all metered customers over the 12 month period following the effective date of the surcharge.

In the event of any disagreement over the proper net surcharge or surcredit amounts between the Company and Staff, Staff's calculated surcharge or surcredit will be temporarily placed in effect. The differences will be resolved through the Dispute Resolution Process.

If the Dispute Resolution Process results in an amount ultimately resolved in the Company's favor, then the Company will be allowed to recover carrying charges on the determined net of tax amount. Carrying charges will be applied at the then-current Other Customer Capital rate.

The accumulated net revenue variance will accrue interest net of income tax from the end of each Rate Year at the Other Customer Capital rate then in effect.

Suspended to 8/1/2023 by order in Case 23-W-0111. See Supplement No. 1. The supplement filing date was 3/22/2023
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CLAUSE (RRC) (Continued)

NEW YORK/FOREST PARK/HERITAGE HILLS/OWEGO-NICHOLS (continued)

The reconciliation will be submitted to the Director of the Office of Electric, Gas and Water within 60 days after the end of the term of each Rate Year. The then-current Rate Year's net revenue variance will be recovered or refunded annually through a percentage surcharge or credit applied to all metered customers' bills. The surcharge or credit will be based on the projected revenues from metered water sales for the next succeeding Rate Year, and will be recovered or refunded during the next succeeding Rate Year. The surcharge or credit will be subject to the local municipal tax, if applicable. At the end of Year four, any remaining balances will be reconciled in a similar manner as described above. In addition, reconciliation amounts from prior rate plans will be recovered or refunded in the manner described above. If a new rate plan does not immediately begin upon the completion of the final rate year of this rate plan, the Company will use the revenue and production cost targets from the final rate year to do a pro-rated revenue and production cost reconciliation. Monthly revenue and production cost targets will be calculated as shown in Appendix X in the event of a partial rate year.

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

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REVENUE, PRODUCTION COST AND PROPERTY TAX RECONCILIATION ADJUSTMENT
CLAUSE (RRC)

WESTCHESTER RATE DISTRICTS 1 AND 2

APPLICABLE FOR USE OF SERVICE FOR CITY OF NEW ROCHELLE, VILLAGE OF BRONXVILLE, VILLAGE OF TUCKAHOE, VILLAGE OF PELHAM MANOR, VILLAGE OF PELHAM, VILLAGE OF ARDSLEY, VILLAGE OF DOBBS FERRY, VILLAGE OF HASTINGS-ON-HUDSON, TOWN OF MAMARONECK, TOWN OF GREENBURGH, TOWN OF MOUNT PLEASANT AND TOWN OF EASTCHESTER IN WESTCHESTER COUNTY, NEW YORK.

APPLICABLE FOR USE OF SERVICE FOR VILLAGE OF PORT CHESTER, VILLAGE OF RYE BROOK AND THE CITY OF RYE IN WESTCHESTER COUNTY, NEW YORK.

Applicable to all Metered Customers (Single Family Residential, Multi-Family Residential, Non-Residential & Service to Other Water Supply Systems)

Effective with this statement, the Surcredit for RATE DISTRICT #1 is (1.306)%

Effective with this statement, the Surcredit for RATE DISTRICT #2 is (1.306)%

According to the terms and conditions of the Commission's Order issued in Case 23-W-XXXX, issued and effective XX XX, XXXX, the existing reconciliation will recommence with the modifications described below.

The rates applicable to all metered Customer accounts will be subject to automatic adjustment by way of a surcharge, or credit, based on the difference between the actual net metered water revenues (operating revenues, private and public fire hydrant revenues plus the change in unbilled revenue less production costs, consisting of purchased water from the New York City Water Board (NYCWB), additional cost for excess purchased water (entitlement and excess), purchased water from Westchester Joint Water Works (WJWW) and Aquarion Connecticut (AWC-CT) (entitlement, excess and fixed charges, and purchased power and chemicals) for the preceding year, and the revenue targets shown in the table below. The then-current Rate Year's net revenue variance plus any prior net revenue variances will be recovered or refunded annually through a percentage surcharge or surcredit to be applied to all metered customers' bills. Metered revenues are based on metered Customers' bill-rendered base rate revenue plus the change in unbilled revenue at the beginning and at the end of each rate year. Included in the revenue target for reconciliation will be the public and private fire hydrant revenues, to be reconciled annually.

The difference in purchased water costs to include excess per capita costs will be calculated by comparing the actual purchased water from NYCWB, WJWW and AWC-CT in million gallons (MG) in the rate years, grossed up 18% for losses, to the purchased water targets allowed in this proceeding, as shown in the table below. The purchased water targets reflects the NYCWB purchased water rate of \$2,083.48 per MG and the NYCWB Excess per Capita rate of \$3,533.98 per MG, both effective July 1, 2022. The purchased water targets for WJWW reflect the rate in effect as of July 1, 2022, for NYCWB of \$2,083.48 per MG and WJWW rate of \$2,110.42 per MG effective January 14, 2023 for a total cost of \$4,193.90 per MG, and the Excess per Capita rate of \$3,533.98 per MG in effect as of July 1, 2022. The AWC purchased water target reflects the estimated rate of \$1,782.96 per MG that took effect July 1, 2014.

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CLAUSE (RRC) 9 (Continued)

WESTCHESTER RATE DISTRICTS 1 AND 2

The difference in purchased power and chemical costs will be calculated by comparing the actual purchased power and chemical costs to the purchased power and chemical costs allowed in this proceeding, as shown in the table below, under the following terms: if production costs exceed their respective targets, recovery of purchased water costs will be at 100% of the excess amount, whereas purchased power and chemical costs will be recovered at 95% of their excess amounts, with the 5% difference to be absorbed by the Company. The net revenue differential will be added or subtracted, as the case may be, to any existing Adjustment Clause balance. The balance shall be recovered or refunded during the following twelve months period from all metered customers.

In accordance with the property tax mechanism set forth in the Joint Proposal approved by the Commission in Case 23-W-XXXX, the PSC has permitted the Company to reconcile property taxes each year. If actual property taxes exceed the specified target levels, 85% of the variance will be recovered from ratepayers. If actual property taxes fall below the target levels, ratepayers will receive 100% of the benefit, unless the Company can demonstrate it took action to obtain the lower taxes, in which case the Company can retain 15% of the difference.

Target levels for revenues, purchased water, excess purchased water, power, chemicals and property taxes are shown in the table below:

<u>Rate Year Ending</u>	<u>Jan. 31, 2024</u>
Revenues	
Facility & Consumption	58,764,015
Cost of Water	28,284,014
Fire Hydrant	<u>6,600,515</u>
Total Reconciled	93,648,544
Production Cost	
Purchased Power	1,092,954
Chemicals	625,551
Purchased Water	21,331,551
Property Taxes	12,787,575

A net surcharge/surcredit of X.XX% which is based on the Company's total metered sales revenues will be billed/refunded to all metered customers over the 12 month period following the effective date of the surcharge.

In the event of any disagreement over the proper net surcharge or surcredit amounts between the Company and Staff, Staff's calculated surcharge or surcredit will be temporarily placed in effect. The differences will be resolved through the Dispute Resolution Process.

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CLAUSE (RRC)

WESTCHESTER (continued)

If the Dispute Resolution Process results in an amount ultimately resolved in the Company's favor, then the Company will be allowed to recover carrying charges on the determined net of tax amount. Carrying charges will be applied at the then-current Other Customer Capital rate. The accumulated net revenue variance will accrue interest net of income tax from the end of each Rate Year at the Other Customer Capital rate then in effect.

The reconciliation will be submitted to the Director of the Office of Electric, Gas and Water within 60 days after the end of the term of each Rate Year. The then-current Rate Year's net revenue variance will be recovered or refunded annually through a percentage surcharge or credit applied to all metered customers' bills. The surcharge or credit will be based on the projected revenues from metered water sales for the next succeeding Rate Year, and will be recovered or refunded during the next succeeding Rate Year. The surcharge or credit will be subject to the local municipal tax, if applicable. At the end of Year four, any remaining balances will be reconciled in a similar manner as described above. In addition, reconciliation amounts from prior rate plans will be recovered or refunded in the manner described above. If a new rate plan does not immediately begin upon the completion of the final rate year of this rate plan, the Company will use the revenue and production cost targets from the final rate year to do a pro-rated revenue and production cost reconciliation. Monthly revenue and production cost targets will be calculated as shown in Appendix X in the event of a partial rate year.

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