



Public Service Commission

Audrey Zibelman

Chair

Patricia L. Acampora

Gregg C. Sayre

Diane X. Burman

Commissioners

Paul Agresta

Acting General Counsel

Kathleen H. Burgess

Secretary

Three Empire State Plaza, Albany, NY 12223-1350

www.dps.ny.gov

July 21, 2016

Frank X. Simpson
New York American Water Company, Inc.,
f/k/a Long Island Water Corporation
1025 Laurel Oak Road
Voorhees, NJ 08043

Re: Case 11-W-0200 – New York American Water Company, Inc., f/k/a Long Island Water Corporation – System Improvement Charge (SIC) Surcharge Reconciliation Mechanism for the Rate Year ended March 31, 2016.

Dear Mr. Simpson,

The Commission's order in Case 11-W-0200 adopted a multi-year rate plan for New York American Water Company, Inc. (the Company) which provided that a System Improvement Charge (SIC) surcharge may be initiated to recover the revenue requirement associated with specific capital projects. The order further prescribed that an annual audit and reconciliation between authorized collections and actual collections related to the SIC surcharge was to be conducted. In Case 14-W-0489, the Commission approved a two year rate stay-out period starting April 1, 2015 for the Company, and allowed the SIC surcharge to be extended to recover the revenue requirement associated with specific capital projects placed in service in the current rate plan and beyond and continued the Company's requirement to file annual reconciliations between authorized collections and actual collections related to the SIC surcharge.

On June 1, 2016, Staff received a letter and attachments from the Company explaining that its annual reconciliation identified an over-collection in the amount of \$111,168. Staff of the Department's Gas and Water Rates Section and the Office of Accounting, Audits and Finance have reviewed the Company's workpapers and calculations and agree with the calculation of the SIC annual reconciliation surcharge. As a result, the SIC surcharge calculation yields an overall surcharge decrease of 1.02%. The 1.02% surcharge decrease is comprised of the removal of past accumulated under-collections of \$398,957 or 0.80%, and includes a refund of an over-collection of \$111,168 or 0.22%. As a result of resetting this year's annual SIC surcharge reconciliation, the current SIC rate of 6.63% will be decreased to 5.61% to become effective on August 1, 2016.

Frank Simpson
July 14, 2016
Page 2 of 2

The Company may institute the resulting decrease of 1.02% and replace the existing SIC surcharge of 6.63%, found in the *System Improvement Charge – Statement No. 10*, with a new SIC surcharge rate of 5.61% to become effective on August 1, 2016. Finally, it should also be noted that the SIC surcharge is subject to an annual audit and reconciliation, which should be filed with the Commission within 60 days of the end of each rate year.

Please file the *System Improvement Charge - Statement No. 11* with the Secretary of the Commission reflecting the resulting 5.61% SIC surcharge, as described herein, with an effective date of August 1, 2016. If you have any questions, please contact Eric Burton at (518) 473-0275.

Sincerely,



Michael J. Rieder
Chief, Gas and Water Rates
Office of Electric, Gas and Water

cc: Tim Canty, Chief, Office of Accounting, Audit and Finance
Dante M. DeStefano, Manager Rates & Regulation, NYAW