

P.S.C. No. 2 – Water
SUEZ Water New York Inc.
Initial Effective Date: August 1, 2020

Leaf No. 97
Revision: 0
Superseding Revision:

23.7 SYSTEM IMPROVEMENT SURCHARGE (SIC) – WESTCHESTER RATE DISTRICTS 1 AND 2 (continued)

Formula: The formula for the calculation of the SIC Surcharge is as follows:

$$\text{SIC surcharge} = ((\text{NRB} \times \text{PRE-Tax ROR}) + \text{D}) / \text{GF} / \text{AR}$$

Where:

NRB = The cost of the specific approved facilities listed above, net of associated (1) retirements, including cost of removal and any related tax benefits, (2) ADIT and (3) accumulated depreciation reserve / accumulated amortization.

Pre-tax ROR = 8.12%

D = Annual depreciation / amortization on the net additions

GF = Gross-up factor before income taxes (98.90%)

AR = SWNY-Westchester Projected Annual Metered Revenues

Effective with this statement, the SIC surcharge is X.XX %

III. Safeguards

Audit/Reconciliation: A reconciliation between authorized collections and actual collections related to the SIC surcharge will be conducted annually and filed with the Secretary to the Commission within 60 days of the end of each rate year. The submitted surcharge will go into effect 60 days after submittal unless Staff submits a letter to the Company indicating the submitted reconciliation amounts should be adjusted. Any under collections or over collections will accrue interest at the other customer capital interest rate established by the Commission each year. Adjustments of the under collections and over collections, as well as updates related to accumulated depreciation/amortization reserve, will be reflected in the next SIC surcharge filing.

IV. The use of the SIC mechanism is approved for the following projects and associated capital expenditures:

- i. Troublesome Brook Disinfection Plant Project – \$18.29 million