

P.S.C. No. 2 – Water
SUEZ Water New York Inc.
Initial Effective Date: July 1, 2021

Leaf No. 90
Revision: 4
Superseding Revision: 3

23.4 REVENUE, PRODUCTION COST AND PROPERTY TAX RECONCILIATION ADJUSTMENT CLAUSE (RRC) – WESTCHESTER (continued)

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 19-W-0168, 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 for future years are shown in the table below:

<u>Rate Year Ending</u>	<u>Jan. 31, 2021</u>	<u>Jan. 31, 2022</u>	<u>Jan. 31, 2023</u>	<u>Jan. 31, 2024</u>
Revenues				
Facility	\$39,363,750	\$43,611,645	\$47,205,525	\$51,300,255
&Consumption				
Cost of Water	21,259,133	22,967,214	23,266,898	23,303,239
Fire Hydrant	4,983,308	5,420,772	5,696,040	6,024,608
Total Reconciled	65,606,191	71,999,631	76,168,463	80,628,102
Production Cost				
Purchased Power	755,910	771,280	786,963	802,964
Chemicals	230,586	235,275	240,058	244,940
Purchased Water	17,814,264	18,455,701	18,773,424	18,775,579
Property Taxes	12,677,790	13,368,179	14,115,434	14,925,081

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

Cancelled Customer Capital rate effective 11/25/2021