

**STATE OF NEW YORK PUBLIC SERVICE COMMISSION
CASE 16-W-0259 - Proceeding on Motion of the Commission as to the
Rates, Charges, Rules and Regulations of New York American Water
Company, Inc. for Water Service.
NOTICE SEEKING PUBLIC COMMENT ON JOINT PROPOSAL
(Issued February 3, 2017)**

TAKE NOTICE that comments are invited concerning a proposed change in water rates and practices of New York American Water Company, Inc. (NYAW). Comments should be submitted to the Secretary by March 6, 2017.

NYAW filed new water tariff schedules on April 29, 2016, intending to take effect April 1, 2017. Following investigations and collaborative efforts by the parties in this proceeding, NYAW filed a Joint Proposal with the Secretary on January 9, 2017 designed to resolve all issues pending in this proceeding. The Joint Proposal was executed by NYAW and Staff of the Department of Public Service (Staff). The terms and provisions of the Joint Proposal would apply to NYAW's rates and services for the next four years (April 1, 2017 – March 31, 2021).

The Joint Proposal would establish two service areas. Service Area 1 (SA1) would consist of two Long Island districts, Lynbrook and Mill Neck Estates, and several smaller upstate water districts - Cambridge, Dykeer, Kingsvale, Waccabuc, Wild Oaks, Mt. Ebo, Lucas Estates, and Spring Glen Lake. Service Area 2 (SA2) would include the Merrick and Sea Cliff Districts. Separate rates would be established for customers of SA1 and SA2 and between customers of the Merrick and Sea Cliff districts in SA2.

The Joint Proposal recommends an increase in base rate revenues in each of the four years of the rate plan in SA1 and SA2 as described in the table, below, as Service Area 1 and 2 Increases. However, in an effort to lessen the impact on customers in Rate Year 1, the Joint Proposal would levelize the increases over the course of the rate plan, as shown below. Actual bill impacts of these changes on any customer will vary based upon revenue allocation and rate design.

	Service Area 1 Increase	Service Area 2 Increase	Levelized Service Area 1 Increase	Levelized Service Area 2 Increase
Rate Year 1	\$20,103,650	\$4,342,595	\$10,135,432	\$3,067,811
Rate Year 2	\$3,099,402	\$1,820,285	\$10,135,432	\$3,067,811
Rate Year 3	\$2,708,378	\$2,021,301	\$10,135,432	\$3,067,811
Rate Year 4	\$4,338,054	\$3,631,759	\$10,135,432	\$3,067,811

Absent NYAW's rate request, most of the revenue increases would have gone into effect pursuant to NYAW's existing rate plan. Those revenue increases are attributable to the Company's under-collected property taxes and other revenues that NYAW is currently authorized to recover. Of the Rate Year 1 increases described above, the increases recommended by the Joint Proposal are \$3.3 million for SA1 and \$333,000 for SA2.

The Joint Proposal would implement a year-round rate structure with four usage blocks. It would continue, with modification, the Revenue, Production Costs and Property Tax Reconciliation Mechanism (RPCRC). The RPCRC would allow NYAW to defer and recover or refund the differences between the level of billed metered revenues, actual production costs and property taxes versus the target amounts on which the new proposed rates would be based. The existing System Improvement Charge (SIC) mechanism would also continue. The SIC mechanism allows recovery of carrying costs on specific Commission-approved capital projects when they are placed in service. Other provisions of the Joint Proposal include a Customer Service Performance Incentive Mechanism, the establishment of a low-income program and a lead pipe removal program.

The full text of the Joint Proposal, as well as a summary of the Joint Proposal, prepared by NYAW and Staff, may be reviewed online at the Department of Public Service Web site: www.dps.ny.us by searching Case "16-W-0259". Also available for review are responses prepared by NYAW and Staff to questions posed by the presiding Administrative Law Judge. The responses include annual estimated bill impacts for typical users by service classification.

The Commission may accept, reject, or modify the parties' proposals in whole or in part. It encourages the public to comment as follows:

- **By Internet or Mail:** Go to the Web site (www.dps.ny.gov), click on "Search," enter the case number (16-W-0259), and then click on "Post Comments" at the top of the page. Alternatively, e-mail comments may be sent directly to the Secretary to the Commission at secretary@dps.ny.gov or they may be mailed or delivered to Hon. Kathleen H. Burgess, Secretary, Public Service Commission, Three Empire State Plaza, Albany, New York 12223-1350. All written comments will become part of the record in this proceeding and will be reported to the Commission for its consideration. All submitted comments may be accessed on the Commission's Web site by searching the case number and clicking on the "Public Comments" tab. Many libraries offer free Internet access.

- **By Toll-Free Opinion Line:** You may call the Commission's Opinion Line at 1-800-335-2120. This number is set up to take comments about pending cases from in-State callers, 24-hours a day. These comments are not transcribed verbatim, but a summary is provided to the Commission.

All comments should refer to "Case 16-W-0259 – New York American Water – Rates." All comments must be received by the Secretary no later than March 6, 2017.

KATHLEEN H. BURGESS, Secretary