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John B. Rhodes, Chair

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PSC Lowers Pending NY American Water Rate Increase

PSC Reduces Lynbrook District's Water Rate Increase

Postpones Recovery of Certain Surcharges Until New Owner Arrives and Hearings Are Held

Shareholders Pay \$1 Million Toward Sale of Property to the Village of Sea Cliff for Recreational Space

Property Sale will Result in a Large Credit on Sea Cliff Customers' Bills

ALBANY — The New York State Public Service Commission (Commission) today approved a plan to reduce a pending water rate increase for New York American Water Inc.'s Lynbrook District, its largest, a move that will provide much-welcomed financial relief for thousands of families and businesses on Long Island served by the private water company.

“The Commission is taking every action possible to protect customers from avoidable rate increases,” **said Commission Chair John B. Rhodes.** “With this decision, we are postponing recovery of certain surcharges while still directing smart investments.”

With this decision, the Commission will reduce the pending rate increase to minimize its impact this year, and it will allow the company to move forward with critical infrastructure investment and the roll out of new technology that will allow customers better visibility of their usage and more control over their bills. This decision will provide the public and the Commission the opportunity to consider and act on items that will impact rates on a more holistic basis as part of its review of the company's pending acquisition. Had the Commission not acted, revenues for the Lynbrook District would have increased by \$21.2 million, or 27 percent. With the postponement of certain surcharges, the Commission was able to limit the revenue increase to \$5.2 million, or 6.68 percent, a reduction of \$16 million.

As a result of the Commission's action today, the typical residential customer using about 4,000 gallons per month in the Lynbrook district, will see their bill increase from \$34.08 to \$36.09 or by \$2.01 a month, or 5.9 percent, down from a bill increase of \$9.14 or 26.8 percent as of April 1, 2020, had no action been taken.

Meanwhile, the typical residential customer using about 4,000 gallons per month in the Merrick district, will see their bill increase from \$25.44 to \$27.54 or by \$2.10 a month, or 8.3 percent, as of April 1, 2020. The typical residential customer using about 4,000 gallons per month in the Sea Cliff district, will see their bill increase from \$38.74 to \$41.13 or by \$2.39 a month, or 6.2 percent, as of April 1, 2020. These increases — on par with Lynbrook's newly adjusted rates — are not the result of today's Commission action but are the outcome of NYAW's 2016 rate case.

By this order, the Commission approves the substitution and expansion of system improvement projects proposed by NYAW, including an advanced metering project that will allow customers to have more control over their utility bills and projects required by the Department of Health and the Department of Environmental Conservation to protect customers' public health, their environment, and Long Island's drinking water aquifer. Further, the Commission will address recovery of the deferred levelization surcharges at a future proceeding to consider the proposed acquisition of NYAW by Liberty Utilities Co., announced on November 20, 2019.

In addition to lowering the rate increase, the Commission took other related NY American Water actions:

- **Property Sale:** The Commission approved the plan filed by NYAW and the Village of Sea Cliff that would allow the village to buy a building and property at 325 Prospect Ave. in Sea Cliff. The agreed upon sale price for the property is \$1.6 million, of which the village is paying \$600,000, and NYAW shareholders are contributing \$1 million. The village intends to preserve the property from future development and for the benefit of the public, as it will be available for recreational and public uses. The company's gains received from the transfer, net of taxes and fees, will be passed back as a one-time bill credit to NYAW's ratepayers located in the Sea Cliff District. A typical Sea Cliff customer using approximately 4,000 gallons per month should see about a \$171 credit on their bill related to the proceeds of this sale. The credit is based on volumetric usage, so the actual bill-credit will vary customer to customer. The 2.5-acre property includes two historic buildings: a 3,420-square-foot pump house used for vehicle storage and a 5,136-square-foot office building used for Sea Cliff District operations.
- **Final Implementation Plan:** The Commission approved NYAW's final implementation plan that stemmed from the Commission-ordered independent monitor who was brought in to improve the company's day-to-day consumer operations. The approved final plan includes additional improvements to certain deliverables from the company's interim implementation plan and develops reporting requirements on a quarterly, semi-annual and annual basis to further improve NYAW's customer service and communications and monitor the company's implementation efforts.

NYAW provides residential and non-residential metered and other water services as well as public and private fire protection services in parts of Nassau, Putnam, Sullivan, Ulster, Washington and Westchester counties. American Water has about 124,000 customers systemwide, including about 120,000 customers on Long Island.

Today's decisions may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Numbers 16-W-0259 [NY American Water rates] or 19-W-0648 [Sea Cliff property sale] in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.