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John B. Rhodes, Chair

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**PSC Approves Independent Monitor for New York American Water  
— Monitor Will Examine Company’s Handling of Bill Complaints and Other Issues —**

**ALBANY** — The New York State Public Service Commission (Commission) today announced it had approved the selection of an independent monitor to review New York American Water Company, Inc.’s handling of property tax issues, general rate case filing processes, and several aspects of the company’s operations in relation to customer billing. Should the monitor identify additional violations, they will be brought to the Commission quickly for remedies.

“The monitor will ensure the company remains firmly on the path to providing the best possible customer service and prevent backsliding,” **said Commission Chair John B. Rhodes.** “The monitor will provide quarterly reports that will be made publicly available to ensure full and complete transparency, and any corrective actions that are needed will be taken.”

The selection of an independent monitor follows an agreement announced in August that provided more than \$11 million in lowered bills and other benefits for the company’s 120,000 customers on Long Island. That agreement provided for accelerated rate relief to all customers, as well as the suspension of a conservation rate in the South Shore area that surprised many customers due to the company’s insufficient advance notice of rate changes.

The August agreement also addressed the Commission’s earlier findings that the company improperly withheld information related to property tax assessments in its Sea Cliff district, which resulted in artificially-high water rates, and will require the company to pay for an independent monitor to oversee complaint handling and the implementation of new internal controls.

The extent of the problems at American Water were significant. In the summer of 2018, shortly after the start of the second-rate year of the company’s rate plan, nearly 2,000 customer bill complaints were filed with the company. Most of these complaints appear to have been related to the inclining block rate structure which was approved in the rate case. High-usage customers were experiencing dramatically higher bills as compared to previous years, and it was determined that the company’s outreach before the rates went into effect were minimal at best. In response to these issues, the Commission quickly stepped in and reached an agreement with the company to resolve the pressing consumer problems.

The Commission approved the selection of PA Consulting Group, an internationally known consulting company, as monitor and to review two principal areas of the company’s operations. First, it will review American Water’s controls related to filing New York State property taxes and special district taxes and review implementation of recommendations. Second, the consultant will evaluate the cause

of the elevated number of bill complaints from customers. The monitor will be paid by company shareholders, not customers. PA Consulting was selected based on its in-depth property tax knowledge as well as having a strong background regarding customer service and billing issues, including New York-specific property tax issues.

A portion of the monitoring will include a review of American Water's billing system, determining if inaccurate or faulty metering has led to inaccurate bills, reviewing the company's communication plan for notifying customers of rate structure changes, and various other aspects of how the company has handled customer complaints.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Number 16-W-0259 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.