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GOVERNOR ANDREW M. CUOMO

GOVERNOR CUOMO ANNOUNCES FINANCIAL RELIEF FOR NEW YORK AMERICAN WATER CUSTOMERS

Bill Credits Totaling \$6.4 Million to be Paid Out by Early 2019

Top-Tier Conservation Rate, Which Surprised Many Customers, Will Be Suspended

Includes Additional Shareholder Payments to Sea Cliff Customers for Past Violations

Independent Monitor Paid for by New York American Water to be Appointed to Ensure Company Compliance

Governor Andrew M. Cuomo today announced an agreement with New York American Water Company Inc. that provides more than \$11 million in lowered bills and other benefits for the company's 120,000 customers on Long Island. The agreement provides 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 agreement also addresses the state Public Service 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. Should the independent monitor identify additional violations, they will be brought to the Commission quickly for additional remedies. Today's agreement follows the Commission's action earlier this month providing \$68 credits to Sea Cliff customers to address the company's erroneous tax filings.

"Large corporations must understand that they have to follow the rules just like everyone else," **Governor Cuomo said.** "I applaud the swift and aggressive action by the Department of Public Service that will result in immediate relief for New York American Water customers, and we will continue to fight to protect families across this state from unfair business practices."

Today's agreement includes the following:

- **Suspend Highest Conservation Rate:** To address the company's insufficient notice to customers about new conservation rates that were going into effect for high-usage customers, the company has agreed to suspend the highest rate charged per gallon for high-usage customers for the remainder of the rate year ending March 31, 2019. Customers already billed at the highest rate tier (for consumption over 15,000 gallons per month) will be provided a refund equal to the difference between the highest rate tier 4 and tier 3 rates for their usage over 15,000 gallons per month. Company shareholders will bear the estimated \$2.5 million cost of the rate suspension.
- **Bill Credits:** To help expeditiously address the high-water bills that surprised many customers on Long Island this year, the company agreed to accelerate filings to the Commission that will reduce rates by approximately \$6.4 million for all customers. The bill credits should appear on bills by early 2019. Residential customers will receive the bill credit based on customer usage, which varies widely.
- **Water Conservation:** Company's shareholders will spend \$1 million on a new water conservation study that will include a rebate program designed to lower future water bills and consumption.
- **Internal Controls:** To address the PSC's findings in the Sea Cliff tax matter, the company has agreed to implement new internal controls to reduce the likelihood of tax filing errors and ensure appropriate information sharing with the PSC and other stakeholders.
- **Property Sale:** To further address the PSC's findings in the Sea Cliff tax matter, the company will offer the Village of Sea Cliff \$1 million toward the sale of Sea Cliff property to the Village and credit the proceeds from the property, including the \$1 million that the company contributed, back to Sea Cliff customers. If the sale does not occur by the end of 2019, the company will credit \$1 million to customers in the Sea Cliff district.
- **Independent Monitor:** An independent monitor paid by the company shareholders, but responsible to the Department of Public Service, and approved by the Commission, will be hired to oversee the company's new internal controls, tax filing accuracy, and improved customer communications. In the short-term, the independent monitor will also oversee the company's handling of more than 1,000 complaints that the company has received in recent weeks.
- **Ongoing Investigation:** The Department will continue its investigation into the company's handling of each high bill complaint, and additional remedies could be pursued by the Department and Commission if warranted (either on an individual customer basis or across the system). For all individual complaints, until the complaint is resolved the company agrees to customer protections, which include: no payment required of amount in dispute; no termination of service for non-payment; and no late payment charges applied.

- Supreme Court Consent Order: A consent order between the Department and the company will be filed in State Supreme Court to provide injunctive relief summarized above related to the Sea Cliff tax matter, as well as the expeditious suspension of the conservation rate to address the company's insufficient customer communications.

"At Governor Cuomo's direction, the Department took swift action to investigate the root causes of the high bill complaints in the company's South Shore area," **said PSC Chair John B. Rhodes.** "While the investigation is ongoing, it's clear the company should have done more to inform their customers of the changes in rate design before the changes took effect so customers could have made informed decisions about their water usage. Today's agreement is structured to address that shortcoming, as well as resolve the company's past violations of the Commission's regulations pertaining to the Sea Cliff property tax filings. Going forward, we will work closely with our independent monitor to hold the company to the highest standards of performance and compliance."

In recent weeks, New York American Water has received an influx of complaints from South Shore customers who received unexpectedly high bills. As of today, more than 1,200 complaints have been filed. The Department of Public Service's Call Center Helpline can be reached by calling 1-800-342-3377 for customers to learn about their rights and options.

DPS staff has been monitoring the company's progress in dealing with the complaints, and investigating whether there are trends or other systemic causes to explain the high bills. Staff is also ensuring that the company is accurately evaluating each and every customer complaint, and will closely review the company's resolution of all complaints. Staff stands ready to review any escalated complaints from customers not satisfied with the response they receive from the company.

New York American Water serves approximately 120,000 residential, business and municipal customers on Long Island.

Contact the Governor's Press Office

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