



For Immediate Release: 08/09/18

John B. Rhodes, Chair

Contact:

James Denn | James.Denn@dps.ny.gov | (518) 474-7080

<http://www.dps.ny.gov>

<http://twitter.com/NYSDPS>

18068/16-W-0259

**PSC Orders Refunds to NY American Water's Sea Cliff Customers
— \$292,804 Returned to Customers as a Direct Result of the PSC's Investigation —**

ALBANY — The New York State Public Service Commission (Commission) today ordered that New York American Water Company, Inc. refund \$292,804 to its Sea Cliff customers, or \$68.14 for each of the company's 4,300 customers in Sea Cliff, as a result of a Commission investigation into the company's gross mishandling of its property tax filings. With this decision, the Commission also reset the real property benchmarks of the company's rate plan to reflect the accurate property values, which will lower customer bills by \$1.7 million over previous projections over the next two years.

"Our decision today refunds Sea Cliff customers what they are owed due to New York American Water's erroneous tax filings," **said Commission Chair John B. Rhodes.** "In addition, we are preparing to file an enforcement action in State Supreme Court to seek additional sanctions and injunctive relief to ensure customers are protected going forward."

Earlier this year, the Commission ordered its staff to investigate NY American Water's inaccurate property tax valuations, the causes of the error, and the reasons the company failed to notify the Commission. On April 30, 2018, staff submitted its report detailing ratepayer harm due to the company's property tax errors. Today's decision adopted staff's methodology for calculating the amount owed, and passes back the amount to customers through a one-time credit.

Staff's investigation calculated that NY American Water's errors resulted in approximately \$2.3 million in over-payments to the taxing authorities in its Sea Cliff District. In January 2018, the company adjusted bills by eliminating one surcharge and reducing the remaining surcharge, subject to further revisions following an accounting review by staff. After staff's review, accounting for the January bill adjustments changes, prior deferral balances, and the first rate-year reconciliation, staff determined the net amount that Sea Cliff customers were owed is approximately \$292,804.

With today's decision, the incremental property tax surcharge for Sea Cliff will be set at approximately 33 and 34 cents per 100 gallons for the 2019 and 2020 rate years, respectively, which will lower annual water bills for the average residential customer by 16 percent, or \$170.88, in the 2019 rate year and by 15.6 percent, or \$176.52, in the 2020 rate year from what was originally projected. In 2019, the average Sea Cliff customer will be paying \$75.44 per month as a result of this change, comparable to other private water companies in the metro area suburbs.

Although this phase of the Commission's investigation of NY American Water has been successfully completed, more work remains. In July, the Commission directed its counsel to file an enforcement action in State Supreme Court in response to staff's investigation finding that the company

intentionally withheld information from the Commission during the rate case. While the company has admitted its failings and has already agreed to corrective actions, the Commission still intends to file the suit to get injunctive relief requiring an independent monitor of the company, and is also reviewing other remedies to provide rate relief as well as further enforcement actions.

Separate from the ongoing enforcement work, in recent weeks, NY American Water has received an influx of complaints from South Shore customers who received unexpectedly high bills. As of Aug. 9, there have been more than 800 complaints from various sources: directly from customers to the company, to the Commission, and from elected officials. Commission staff is 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 the each and every customer complaint, and will closely review the company's determinations. The staff stands ready to review any escalated complaints from customers not satisfied with the response they receive from the company.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at 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.