

**New York American Water
Service Area 2
Case 16-W-0259
Statement of Operating Income
For the Rate Years Ending March 31, 2018, 2019, 2020, & 2021**

	Rate Year - 1 Revenue Requirement Per JP	Rate Year - 1 Adjusted for Change in State Income Tax Law	Impact of NY State Income Tax Change	Rate Year -2 Revenue Requirement Per JP	Rate Year - 2 Adjusted for Change in State Income Tax Law	Impact of NY State Income Tax Change	Rate Year -3 Revenue Requirement Per JP	Rate Year -3 Adjusted for Change in State Income Tax Law	Impact of NY State Income Tax Change	Rate Year -4 Revenue Requirement Per JP	Rate Year -4 Adjusted for Change in State Income Tax Law	Impact of NY State Income Tax Change
Base Operating Revenue	\$ 30,085,816	\$ 30,085,815	-	\$ 34,301,648	\$ 34,320,305	-	\$ 35,995,804	\$ 36,373,784	-	\$ 37,891,607	\$ 38,330,333	-
Revenue Requirement Adjustment	4,342,595	4,361,253	-	1,820,285	2,179,609	-	2,021,301	2,082,047	-	3,631,759	3,671,497	-
Revenue Requirement Pro Forma	\$ 34,428,411	\$ 34,447,068	\$ 18,656	\$ 36,121,933	\$ 36,499,914	\$ 377,980	\$ 38,017,106	\$ 38,455,832	\$ 438,726	\$ 41,523,366	\$ 42,001,830	\$ 478,465
Operating & Maintenance Expenses	10,832,269	10,832,390	121	10,928,242	10,928,079	(163)	11,071,929	11,071,831	(98)	13,094,037	13,093,801	(235)
Depreciation and Amortization	3,591,234	3,591,234	(0)	3,840,501	3,840,501	(0)	4,104,634	4,104,634	(0)	4,391,370	4,391,370	(0)
Taxes Other Than Income Taxes	13,984,147	13,908,972	(75,175)	14,537,067	14,461,892	(75,175)	15,112,019	15,036,844	(75,175)	15,709,883	15,634,708	(75,175)
Total Operating Expenses	28,407,650	28,332,595	(75,055)	29,305,810	29,230,472	(75,338)	30,288,583	30,213,309	(75,274)	33,195,290	33,119,880	(75,411)
Operating Income Before Income Taxes	6,020,761	6,114,473	93,711	6,816,123	7,269,442	453,319	7,728,523	8,242,523	514,000	8,328,075	8,881,951	553,875
State Income Taxes	-	93,711	93,711	-	453,319	453,319	-	514,000	514,000	-	553,874	553,874
Federal Income Taxes	1,540,281	1,540,281	0	1,743,757	1,743,756	(0)	1,977,174	1,977,174	0	2,130,557	2,130,557	0
Net Income Available for Return	4,480,481	4,480,481	0	5,072,366	5,072,366	(0)	5,751,348	5,751,349	0	6,197,519	6,197,520	1
Rate Base	\$ 68,335,430	\$ 68,335,430	\$ 0	\$ 77,362,751	\$ 77,362,751	\$ (0)	\$ 87,718,458	\$ 87,718,458	\$ 1	\$ 94,523,367	\$ 94,523,367	\$ (0)
Rate of Return	6.56%	6.56%		6.56%	6.56%		6.56%	6.56%		6.56%	6.56%	
Additional Revenue Requirement- Income Statement			\$ 18,656			\$ 377,980			\$ 438,726			\$ 478,465
Rate Base Impact of Deferred SIT:												
Total State Income Taxes Deferred		\$ 43,146			\$ 172,584			\$ 172,584			\$ 172,584	
Time Pre-Tax Gross-up Factor		11.077%	\$ (4,779)		11.077%	\$ (19,117)		11.077%	\$ (19,117)		11.077%	\$ (19,117)
Amortization of Regulatory Asset	\$ 6,653,000					166,325			166,325			166,325
Total Additional Revenue			\$ 13,877			\$ 525,188			\$ 585,934			\$ 625,672
Total Revenue Per JP			\$ 34,428,411			\$ 36,121,933			\$ 38,017,106			\$ 41,523,366
Surcharge as a percent of JP Revenues			0.040307%			1.453931%			1.541238%			1.506795%
Regulatory Asset Balance at January 1, 2018	\$ 6,653,000											
Regulatory Asset balance at end of Rate Year			\$ 6,653,000			\$ 6,486,675			\$ 6,320,350			\$ 6,154,025

**New York American Water
Service Area 2
Case 16-W-0259
Statement of Operating Income
For the Rate Year Ending March 31, 2018**

	Company Filing	Joint Proposal Adjustments	Joint Proposal As Adjusted	Revenue Requirement Adjustment	As Adjusted Revenue Requirement
Base Operating Revenue, Excl Surcharges (Note 1)	\$ 29,477,132	\$ 608,683	\$ 30,085,815	\$ 4,361,253	\$ 34,447,068
Operating & Maintenance Expenses	11,989,605	(1,185,648)	10,803,957	28,433	10,832,390
Depreciation and Amortization	3,696,492	(105,258)	3,591,234	-	3,591,234
Taxes Other Than Income Taxes	13,993,833	(84,861)	13,908,972	-	13,908,972
Total Operating Expenses	29,679,930	(1,375,768)	28,304,162	28,433	28,332,595
Operating Income Before Income Taxes	(202,798)	1,984,451	1,781,653	4,332,820	6,114,473
State Income Taxes	(1,074,763)	1,078,134	3,371	90,339	93,711
Federal Income Taxes	(284,313)	339,725	55,413	1,484,868	1,540,281
Net Income Available for Return	1,156,278	566,591	1,722,869	2,757,612	4,480,481
Rate Base	\$ 72,530,911	\$ (4,195,481)	\$ 68,335,430	\$ -	\$ 68,335,430
Rate of Return	1.59%		2.52%		6.56%

**New York American Water
Service Area 2
Case 16-W-0259
Taxes Other Than Income Taxes
For the Rate Year Ending March 31, 2018**

	Company Filing	Joint Proposal Adjustments	Joint Proposal As Adjusted	Revenue Requirement Adjustment	As Adjusted Revenue Requirement
Payroll Taxes	\$ 230,508	\$ (1,777)	\$ 228,731		\$ 228,731
Property Tax	13,763,325	(83,084)	13,680,241		13,680,241
Other Taxes	0	-	0		0
Total Taxes Other Than Income Taxes	<u>\$ 13,993,833</u>	<u>\$ (84,861)</u>	<u>\$ 13,908,972</u>	<u>\$ -</u>	<u>\$ 13,908,972</u>

**New York American Water
Service Area 2
Case 16-W-0259
Calculation of Federal Income Tax
For the Rate Year Ending March 31, 2018**

	Company Filing	Joint Proposal Adjustments	Joint Proposal As Adjusted	Revenue Requirement Adjustment	As Adjusted Revenue Requirement
Net Operating Income Before Income Taxes	\$ (202,798)	\$ 1,984,451	\$ 1,781,653	\$ 4,332,820	\$ 6,114,473
<u>Adjustments for Taxable Income</u>					
State Income Tax	(1,074,763)	1,078,134	3,371	90,339	93,711
Interest Expense	1,684,287	(64,327)	1,619,960		1,619,960
Tax vs. Book Depreciation Differences	(1,328,987)	-	(1,328,987)		(1,328,987)
Other Book versus Tax Timing Differences	(130,991)	-	(130,991)		(130,991)
Repairs Expense	3,529,334	-	3,529,334		3,529,334
Total Adjustments For Taxable Income	2,678,880	1,013,807	3,692,687	90,339	3,783,026
Taxable Income	(2,881,678)	970,644	(1,911,034)	4,242,480	2,331,446
Federal Income Tax - Stand Alone @ 35%	(1,008,587)	339,725	(668,862)	1,484,868	816,006.21
<u>Deferred FIT</u>					
Tax vs. Book Depreciation Differences	(465,145)	-	(465,145)		(465,145)
Other Book Versus Tax Timing Differences	(45,847)	-	(45,847)		(45,847)
Repairs Expense	1,235,267	-	1,235,267		1,235,267
Total Deferred FIT - Current Year	724,275	-	724,275	-	724,275
Amortization of Flow-Through Regulatory Asset	-	-	-		-
Net Federal Income Taxes	\$ (284,313)	\$ 339,725	\$ 55,413	\$ 1,484,868	\$ 1,540,281

**New York American Water
Service Area 2
Case 16-W-0259
Calculation of State Income Tax
For the Rate Year Ending March 31, 2018**

	Company Filing	Joint Proposal Adjustments	Joint Proposal As Adjusted	Revenue Requirement Adjustment	As Adjusted Revenue Requirement
Net Operating Income Before Income Taxes	\$ (202,798)	\$ 1,984,451	\$ 1,781,653	\$ 4,332,820	\$ 6,114,473
Adjustments for Taxable Income					
State Income Tax	-	-	-	-	-
Interest Expense	1,684,287	(64,327)	1,619,960	-	1,619,960
Tax vs. Book Depreciation Differences	(1,328,987)	-	(1,328,987)	-	(1,328,987)
Other Book versus Tax Timing Differences	(130,991)	-	(130,991)	-	(130,991)
Repairs Expense	3,529,334	-	3,529,334	-	3,529,334
Total Adjustments For Taxable Income	3,753,643	(64,327)	3,689,316	-	3,689,316
Taxable Income	(3,956,441)	2,048,778	(1,907,663)	4,332,820	2,425,157
State Income Tax - @ 8.34%	(82,492)	42,717	(39,775)	90,339	50,565
Deferred SIT					
Tax vs. Book Depreciation Differences	(27,709)	-	(27,709)	-	(27,709)
Other Book Versus Tax Timing Differences	(2,731)	-	(2,731)	-	(2,731)
Repairs Expense	73,587	-	73,587	-	73,587
Total Deferred SIT - Current Year	43,146	-	43,146	-	43,146
Amortization of Flow-Through Regulatory Asset	-	-	-	-	-
Net State Income Taxes	\$ (39,346)	\$ 42,717	\$ 3,371	\$ 90,339	\$ 93,711

**New York American Water
Service Area 2
Case 16-W-0259
Rate Base Summary
For the Rate Year Ending March 31, 2018**

	Company Filing	Joint Proposal Adjustments	Joint Proposal As Adjusted	Revenue Requirement Adjustment	As Adjusted Revenue Requirement
Net Utility Plant					
Utility Plant in Service	\$ 142,691,851	\$ (5,258,899)	\$ 137,432,952		\$ 137,432,952
Non-interest bearing CWIP	124,562	-	124,562		124,562
Plant Held For Future Use	-	-	-		-
Less: Accumulated Depreciation	(44,108,825)	1,260,212	(42,848,613)		(42,848,613)
Less: Contributions, net of Amortization	(422,168)	-	(422,168)		(422,168)
Total Net Utility Plant	98,285,420	(3,998,687)	94,286,733	-	94,286,733
Less: Customer Advances for Construction	(169,931)	-	(169,931)		(169,931)
Working Capital:					
Cash Allowance	1,285,364	(26,013)	1,259,351		1,259,351
Materials and Supplies	378,366	146,500	524,866		524,866
Prepayments	124,389	-	124,389		124,389
Total Working Capital	1,788,119	120,487	1,908,606	-	1,908,606
Regulatory Deferrals:					
Tank Painting, net of taxes	-	-	-		-
Unamortized Long-Term Debt Costs	-	-	-		-
Rate Case Expense, net of taxes	130,811	48,785	179,596		179,596
SIT Liab (included in Accum Def Inc Taxes)	-	-	-		-
Total Regulatory Deferrals	130,811	48,785	179,596	-	179,596
Less: Accumulated Deferred Income Taxes	(26,102,963)	214,914	(25,888,049)		(25,888,049)
Rate Base - Pre EB Cap Adjustment	73,931,456	(3,614,502)	70,316,954	-	70,316,954
Earnings Base Cap Adjustment	(1,400,545)	(580,979)	(1,981,524)		(1,981,524)
Rate Base	\$ 72,530,911	\$ (4,195,481)	\$ 68,335,430	\$ -	\$ 68,335,430

**New York American Water
Service Area 2
Case 16-W-0259
Statement of Operating Income
For the Rate Year Ending March 31, 2019**

	Rate Year Ending March 31, 2018	Joint Proposal Adjustments	Rate Year Ending March 31, 2019	Revenue Requirement Adjustment	As Adjusted Rate Year Ending March 31, 2019
Base Operating Revenue, Excl Surcharges (Note 1)	\$ 34,447,068	\$ (126,763)	\$ 34,320,305	\$ 2,179,609	\$ 36,499,914
Operating & Maintenance Expenses	10,832,390	81,479	10,913,869	14,210	10,928,079
Depreciation and Amortization	3,591,234	249,267	3,840,501	-	3,840,501
Taxes Other Than Income Taxes	13,908,972	552,921	14,461,892	-	14,461,892
Total Operating Expenses	28,332,595	883,667	29,216,262	14,210	29,230,472
Operating Income Before Income Taxes	6,114,473	(1,010,430)	5,104,043	2,165,399	7,269,442
State Income Taxes	93,711	179,014	272,725	180,594	453,319
Federal Income Taxes	1,540,281	(491,206)	1,049,075	694,682	1,743,756
Net Income Available for Return	4,480,481	(698,238)	3,782,243	1,290,123	5,072,366
Rate Base	\$ 68,335,430	\$ 9,027,321	\$ 77,362,751	\$ -	\$ 77,362,751
Rate of Return	6.56%		4.89%		6.56%

**New York American Water
Service Area 2
Case 16-W-0259
Taxes Other Than Income Taxes
For the Rate Year Ending March 31, 2019**

	<u>Rate Year Ending March 31, 2018</u>	<u>Joint Proposal Adjustments</u>	<u>Rate Year Ending March 31, 2019</u>	<u>Revenue Requirement Adjustment</u>	<u>As Adjusted Rate Year Ending March 31, 2019</u>
Payroll Taxes	\$ 228,731	\$ 5,711	\$ 234,442		\$ 234,442
Property Tax	13,680,241	547,210	14,227,451		14,227,451
Other Taxes	0	-	0		0
Total Taxes Other Than Income Taxes	<u>\$ 13,908,972</u>	<u>\$ 552,921</u>	<u>\$ 14,461,892</u>	<u>\$ -</u>	<u>\$ 14,461,892</u>

**New York American Water
Service Area 2
Case 16-W-0259
Calculation of Federal Income Tax
For the Rate Year Ending March 31, 2019**

	Rate Year Ending March 31, 2018	Joint Proposal Adjustments	Rate Year Ending March 31, 2019	Revenue Requirement Adjustment	As Adjusted Rate Year Ending March 31, 2019
Net Operating Income Before Income Taxes	\$ 6,114,473	\$ (1,010,430)	\$ 5,104,043	\$ 2,165,399	\$ 7,269,442
<u>Adjustments for Taxable Income</u>					
State Income Tax	93,711	179,014	272,725	180,594	453,319
Interest Expense	1,619,960	214,002	1,833,961		1,833,961
Tax vs. Book Depreciation Differences	(1,328,987)	-	(1,328,987)		(1,328,987)
Other Book versus Tax Timing Differences	(130,991)	-	(130,991)		(130,991)
Repairs Expense	3,529,334	-	3,529,334		3,529,334
Total Adjustments For Taxable Income	3,783,026	393,016	4,176,042	180,594	4,356,636
Taxable Income	2,331,446	(1,403,446)	928,000	1,984,805	2,912,805
Federal Income Tax - Stand Alone @ 35%	816,006	(491,206)	324,800	694,682	1,019,481.87
<u>Deferred FIT</u>					
Tax vs. Book Depreciation Differences	(465,145)	-	(465,145)		(465,145)
Other Book Versus Tax Timing Differences	(45,847)	-	(45,847)		(45,847)
Repairs Expense	1,235,267	-	1,235,267		1,235,267
Total Deferred FIT - Current Year	724,275	-	724,275	-	724,275
Amortization of Flow-Through Regulatory Asset	-	-	-		-
Net Federal Income Taxes	\$ 1,540,281	\$ (491,206)	\$ 1,049,075	\$ 694,682	\$ 1,743,756

**New York American Water
Service Area 2
Case 16-W-0259
Calculation of State Income Tax
For the Rate Year Ending March 31, 2019**

	Rate Year Ending March 31, 2018	Joint Proposal Adjustments	Rate Year Ending March 31, 2019	Revenue Requirement Adjustment	As Adjusted Rate Year Ending March 31, 2019
Net Operating Income Before Income Taxes	\$ 6,114,473	\$ (1,010,430)	\$ 5,104,043	\$ 2,165,399	\$ 7,269,442
Adjustments for Taxable Income					
State Income Tax	-	-	-	-	-
Interest Expense	1,619,960	214,002	1,833,961	-	1,833,961
Tax vs. Book Depreciation Differences	(1,328,987)	-	(1,328,987)	-	(1,328,987)
Other Book versus Tax Timing Differences	(130,991)	-	(130,991)	-	(130,991)
Repairs Expense	3,529,334	-	3,529,334	-	3,529,334
Total Adjustments For Taxable Income	3,689,316	214,002	3,903,317	-	3,903,317
Taxable Income	2,425,157	(1,224,432)	1,200,725	2,165,399	3,366,124
State Income Tax - @ 8.34%	202,258	(102,118)	100,140	180,594	280,735
Deferred SIT					
Tax vs. Book Depreciation Differences	(110,838)	-	(110,838)	-	(110,838)
Other Book Versus Tax Timing Differences	(10,925)	-	(10,925)	-	(10,925)
Repairs Expense	294,346	-	294,346	-	294,346
Total Deferred SIT - Current Year	172,584	-	172,584	-	172,584
Amortization of Flow-Through Regulatory Asset	-	-	-	-	-
Net State Income Taxes	\$ 374,842	\$ (102,118)	\$ 272,725	\$ 180,594	\$ 453,319

**New York American Water
Service Area 2
Case 16-W-0259
Rate Base Summary
For the Rate Year Ending March 31, 2019**

	Rate Year Ending March 31, 2018	Joint Proposal Adjustments	Rate Year Ending March 31, 2019	Revenue Requirement Adjustment	As Adjusted Rate Year Ending March 31, 2019
Net Utility Plant					
Utility Plant in Service	\$ 137,432,952	\$ 10,486,692	\$ 147,919,644		\$ 147,919,644
Non-interest bearing CWIP	124,562	-	124,562		124,562
Plant Held For Future Use	-	-	-		-
Less: Accumulated Depreciation	(42,848,613)	(1,046,716)	(43,895,329)		(43,895,329)
Less: Contributions, net of Amortization	(422,168)	-	(422,168)		(422,168)
Total Net Utility Plant	94,286,733	9,439,976	103,726,709	-	103,726,709
Less: Customer Advances for Construction	(169,931)	-	(169,931)		(169,931)
Working Capital:					
Cash Allowance	1,259,351	10,513	1,269,864		1,269,864
Materials and Supplies	524,866	-	524,866		524,866
Prepayments	124,389	-	124,389		124,389
Total Working Capital	1,908,606	10,513	1,919,119	-	1,919,119
Regulatory Deferrals:					
Tank Painting, net of taxes	-	-	-		-
Unamortized Long-Term Debt Costs	-	-	-		-
Rate Case Expense, net of taxes	179,596	(110,596)	69,000		69,000
SIT Liab (included in Accum Def Inc Taxes)	-	-	-		-
Total Regulatory Deferrals	179,596	(110,596)	69,000	-	69,000
Less: Accumulated Deferred Income Taxes	(25,888,049)	(312,572)	(26,200,621)		(26,200,621)
Rate Base - Pre EB Cap Adjustment	70,316,954	9,027,321	79,344,275	-	79,344,275
Earnings Base Cap Adjustment	(1,981,524)	-	(1,981,524)		(1,981,524)
Rate Base	\$ 68,335,430	\$ 9,027,321	\$ 77,362,751	\$ -	\$ 77,362,751

**New York American Water
Service Area 2
Case 16-W-0259
Statement of Operating Income
For the Rate Year Ending March 31, 2020**

	Rate Year Ending March 31, 2019	Joint Proposal Adjustments	Rate Year Ending March 31, 2020	Revenue Requirement Adjustment	As Adjusted Rate Year Ending March 31, 2020
Base Operating Revenue, Excl Surcharges (Note 1)	\$ 36,499,914	\$ (126,129)	\$ 36,373,784	\$ 2,082,047	\$ 38,455,832
Operating & Maintenance Expenses	10,928,079	130,178	11,058,257	13,574	11,071,831
Depreciation and Amortization	3,840,501	264,133	4,104,634	-	4,104,634
Taxes Other Than Income Taxes	14,461,892	574,952	15,036,844	-	15,036,844
Total Operating Expenses	29,230,472	969,263	30,199,735	13,574	30,213,309
Operating Income Before Income Taxes	7,269,442	(1,095,393)	6,174,049	2,068,473	8,242,523
State Income Taxes	453,319	(111,830)	341,489	172,511	514,000
Federal Income Taxes	1,743,756	(430,169)	1,313,587	663,587	1,977,174
Net Income Available for Return	5,072,366	(553,394)	4,518,973	1,232,376	5,751,349
Rate Base	\$ 77,362,751	\$ 10,355,707	\$ 87,718,458	\$ -	\$ 87,718,458
Rate of Return	6.56%		5.15%		6.56%

**New York American Water
Service Area 2
Case 16-W-0259
Taxes Other Than Income Taxes
For the Rate Year Ending March 31, 2020**

	Rate Year Ending March 31, 2019	Joint Proposal Adjustments	Rate Year Ending March 31, 2020	Revenue Requirement Adjustment	As Adjusted Rate Year Ending March 31, 2020
Payroll Taxes	\$ 234,442	\$ 5,854	\$ 240,296		\$ 240,296
Property Tax	14,227,451	569,098	14,796,549		14,796,549
Other Taxes	0	-	0		0
Total Taxes Other Than Income Taxes	<u>\$ 14,461,892</u>	<u>\$ 574,952</u>	<u>\$ 15,036,844</u>	<u>\$ -</u>	<u>\$ 15,036,844</u>

**New York American Water
Service Area 2
Case 16-W-0259
Calculation of Federal Income Tax
For the Rate Year Ending March 31, 2020**

	Rate Year Ending March 31, 2019	Joint Proposal Adjustments	Rate Year Ending March 31, 2020	Revenue Requirement Adjustment	As Adjusted Rate Year Ending March 31, 2020
Net Operating Income Before Income Taxes	\$ 7,269,442	\$ (1,095,393)	\$ 6,174,049	\$ 2,068,473	\$ 8,242,523
Adjustments for Taxable Income					
State Income Tax	453,319	(111,830)	341,489	172,511	514,000
Interest Expense	1,833,961	245,492	2,079,454		2,079,454
Tax vs. Book Depreciation Differences	(1,328,987)	-	(1,328,987)		(1,328,987)
Other Book versus Tax Timing Differences	(130,991)	-	(130,991)		(130,991)
Repairs Expense	3,529,334	-	3,529,334		3,529,334
Total Adjustments For Taxable Income	4,356,636	133,663	4,490,299	172,511	4,662,810
Taxable Income	2,912,805	(1,229,055)	1,683,750	1,895,963	3,579,713
Federal Income Tax - Stand Alone @ 35%	1,019,482	(430,169)	589,313	663,587	1,252,899.49
Deferred FIT					
Tax vs. Book Depreciation Differences	(465,145)	-	(465,145)		(465,145)
Other Book Versus Tax Timing Differences	(45,847)	-	(45,847)		(45,847)
Repairs Expense	1,235,267	-	1,235,267		1,235,267
Total Deferred FIT - Current Year	724,275	-	724,275	-	724,275
Amortization of Flow-Through Regulatory Asset	-	-	-		-
Net Federal Income Taxes	\$ 1,743,756	\$ (430,169)	\$ 1,313,587	\$ 663,587	\$ 1,977,174

**New York American Water
Service Area 2
Case 16-W-0259
Calculation of State Income Tax
For the Rate Year Ending March 31, 2020**

	Rate Year Ending March 31, 2019	Joint Proposal Adjustments	Rate Year Ending March 31, 2020	Revenue Requirement Adjustment	As Adjusted Rate Year Ending March 31, 2020
Net Operating Income Before Income Taxes	\$ 7,269,442	\$ (1,095,393)	\$ 6,174,049	\$ 2,068,473	\$ 8,242,523
Adjustments for Taxable Income					
State Income Tax	-	-	-	-	-
Interest Expense	1,833,961	245,492	2,079,454	-	2,079,454
Tax vs. Book Depreciation Differences	(1,328,987)	-	(1,328,987)	-	(1,328,987)
Other Book versus Tax Timing Differences	(130,991)	-	(130,991)	-	(130,991)
Repairs Expense	3,529,334	-	3,529,334	-	3,529,334
Total Adjustments For Taxable Income	3,903,317	245,492	4,148,810	-	4,148,810
Taxable Income	3,366,124	(1,340,885)	2,025,239	2,068,473	4,093,713
State Income Tax - @ 8.34%	280,735	(111,830)	168,905	172,511	341,416
Deferred SIT					
Tax vs. Book Depreciation Differences	(110,838)	-	(110,838)	-	(110,838)
Other Book Versus Tax Timing Differences	(10,925)	-	(10,925)	-	(10,925)
Repairs Expense	294,346	-	294,346	-	294,346
Total Deferred SIT - Current Year	172,584	-	172,584	-	172,584
Amortization of Flow-Through Regulatory Asset	-	-	-	-	-
Net State Income Taxes	\$ 453,319	\$ (111,830)	\$ 341,489	\$ 172,511	\$ 514,000

**New York American Water
Service Area 2
Case 16-W-0259
Rate Base Summary
For the Rate Year Ending March 31, 2020**

	Rate Year Ending March 31, 2019	Joint Proposal Adjustments	Rate Year Ending March 31, 2020	Revenue Requirement Adjustment	As Adjusted Rate Year Ending March 31, 2020
Net Utility Plant					
Utility Plant in Service	\$ 147,919,644	\$ 12,194,774	\$ 160,114,418		\$ 160,114,418
Non-interest bearing CWIP	124,562	-	124,562		124,562
Plant Held For Future Use	-	-	-		-
Less: Accumulated Depreciation	(43,895,329)	(1,316,454)	(45,211,783)		(45,211,783)
Less: Contributions, net of Amortization	(422,168)	-	(422,168)		(422,168)
Total Net Utility Plant	103,726,709	10,878,320	114,605,029	-	114,605,029
Less: Customer Advances for Construction	(169,931)	-	(169,931)		(169,931)
Working Capital:					
Cash Allowance	1,269,864	16,314	1,286,178		1,286,178
Materials and Supplies	524,866	-	524,866		524,866
Prepayments	124,389	-	124,389		124,389
Total Working Capital	1,919,119	16,314	1,935,433	-	1,935,433
Regulatory Deferrals:					
Tank Painting, net of taxes	-	-	-		-
Unamortized Long-Term Debt Costs	-	-	-		-
Rate Case Expense, net of taxes	69,000	(68,999)	1		1
SIT Liab (included in Accum Def Inc Taxes)	-	-	-		-
Total Regulatory Deferrals	69,000	(68,999)	1	-	1
Less: Accumulated Deferred Income Taxes	(26,200,621)	(469,928)	(26,670,549)		(26,670,549)
Rate Base - Pre EB Cap Adjustment	79,344,275	10,355,707	89,699,982	-	89,699,982
Earnings Base Cap Adjustment	(1,981,524)	-	(1,981,524)		(1,981,524)
Rate Base	\$ 77,362,751	\$ 10,355,707	\$ 87,718,458	\$ -	\$ 87,718,458

New York American Water
Service Area 2
Case 16-W-0259
Statement of Operating Income
For the Rate Year Ending March 31, 2021

	Rate Year Ending March 31, 2020	Joint Proposal Adjustments	Rate Year Ending March 31, 2021	Revenue Requirement Adjustment	As Adjusted Rate Year Ending March 31, 2021
Base Operating Revenue, Excl Surcharges (Note 1)	\$ 38,455,832	\$ (125,499)	\$ 38,330,333	\$ 3,671,497	\$ 42,001,830
Operating & Maintenance Expenses	11,071,831	1,998,034	13,069,865	23,936	13,093,801
Depreciation and Amortization	4,104,634	286,736	4,391,370	-	4,391,370
Taxes Other Than Income Taxes	15,036,844	597,864	15,634,708	-	15,634,708
Total Operating Expenses	30,213,309	2,882,634	33,095,944	23,936	33,119,880
Operating Income Before Income Taxes	8,242,523	(3,008,133)	5,234,389	3,647,561	8,881,951
State Income Taxes	514,000	(264,332)	249,668	304,207	553,874
Federal Income Taxes	1,977,174	(1,016,791)	960,383	1,170,174	2,130,557
Net Income Available for Return	5,751,349	(1,727,010)	4,024,339	2,173,181	6,197,520
Rate Base	\$ 87,718,458	\$ 6,804,909	\$ 94,523,367	\$ -	\$ 94,523,367
Rate of Return	6.56%		4.26%		6.56%

**New York American Water
Service Area 2
Case 16-W-0259
Taxes Other Than Income Taxes
For the Rate Year Ending March 31, 2021**

	Rate Year Ending March 31, 2020	Joint Proposal Adjustments	Rate Year Ending March 31, 2021	Revenue Requirement Adjustment	As Adjusted Rate Year Ending March 31, 2021
Payroll Taxes	\$ 240,296	\$ 6,002	\$ 246,298		\$ 246,298
Property Tax	14,796,549	591,862	15,388,411		15,388,411
Other Taxes	0	-	0		0
Total Taxes Other Than Income Taxes	<u>\$ 15,036,844</u>	<u>\$ 597,864</u>	<u>\$ 15,634,708</u>	<u>\$ -</u>	<u>\$ 15,634,708</u>

**New York American Water
Service Area 2
Case 16-W-0259
Calculation of Federal Income Tax
For the Rate Year Ending March 31, 2021**

	Rate Year Ending March 31, 2020	Joint Proposal Adjustments	Rate Year Ending March 31, 2021	Revenue Requirement Adjustment	As Adjusted Rate Year Ending March 31, 2021
Net Operating Income Before Income Taxes	\$ 8,242,523	\$ (3,008,133)	\$ 5,234,389	\$ 3,647,561	\$ 8,881,951
<u>Adjustments for Taxable Income</u>					
State Income Tax	514,000	(264,332)	249,668	304,207	553,874
Interest Expense	2,079,454	161,317	2,240,771		2,240,771
Tax vs. Book Depreciation Differences	(1,328,987)	-	(1,328,987)		(1,328,987)
Other Book versus Tax Timing Differences	(130,991)	-	(130,991)		(130,991)
Repairs Expense	3,529,334	-	3,529,334		3,529,334
Total Adjustments For Taxable Income	4,662,810	(103,015)	4,559,795	304,207	4,864,001
Taxable Income	3,579,713	(2,905,118)	674,595	3,343,355	4,017,949
Federal Income Tax - Stand Alone @ 35%	1,252,899	(1,016,791)	236,108	1,170,174	1,406,282.32
<u>Deferred FIT</u>					
Tax vs. Book Depreciation Differences	(465,145)	-	(465,145)		(465,145)
Other Book Versus Tax Timing Differences	(45,847)	-	(45,847)		(45,847)
Repairs Expense	1,235,267	-	1,235,267		1,235,267
Total Deferred FIT - Current Year	724,275	-	724,275	-	724,275
Amortization of Flow-Through Regulatory Asset	-	-	-		-
Net Federal Income Taxes	\$ 1,977,174	\$ (1,016,791)	\$ 960,383	\$ 1,170,174	\$ 2,130,557

**New York American Water
Service Area 2
Case 16-W-0259
Calculation of State Income Tax
For the Rate Year Ending March 31, 2021**

	Rate Year Ending March 31, 2020	Joint Proposal Adjustments	Rate Year Ending March 31, 2021	Revenue Requirement Adjustment	As Adjusted Rate Year Ending March 31, 2021
Net Operating Income Before Income Taxes	\$ 8,242,523	\$ (3,008,133)	\$ 5,234,389	\$ 3,647,561	\$ 8,881,951
<u>Adjustments for Taxable Income</u>					
State Income Tax	-	-	-	-	-
Interest Expense	2,079,454	161,317	2,240,771	-	2,240,771
Tax vs. Book Depreciation Differences	(1,328,987)	-	(1,328,987)	-	(1,328,987)
Other Book versus Tax Timing Differences	(130,991)	-	(130,991)	-	(130,991)
Repairs Expense	3,529,334	-	3,529,334	-	3,529,334
Total Adjustments For Taxable Income	4,148,810	161,317	4,310,127	-	4,310,127
Taxable Income	4,093,713	(3,169,450)	924,263	3,647,561	4,571,824
State Income Tax - @ 8.34%	341,416	(264,332)	77,083	304,207	381,290
<u>Deferred SIT</u>					
Tax vs. Book Depreciation Differences	(110,838)	-	(110,838)	-	(110,838)
Other Book Versus Tax Timing Differences	(10,925)	-	(10,925)	-	(10,925)
Repairs Expense	294,346	-	294,346	-	294,346
Total Deferred SIT - Current Year	172,584	-	172,584	-	172,584
Amortization of Flow-Through Regulatory Asset	-	-	-	-	-
Net State Income Taxes	\$ 514,000	\$ (264,332)	\$ 249,668	\$ 304,207	\$ 553,874

**New York American Water
Service Area 2
Case 16-W-0259
Rate Base Summary
For the Rate Year Ending March 31, 2021**

	Rate Year Ending March 31, 2020	Joint Proposal Adjustments	Rate Year Ending March 31, 2021	Revenue Requirement Adjustment	As Adjusted Rate Year Ending March 31, 2021
Net Utility Plant					
Utility Plant in Service	\$ 160,114,418	\$ 9,837,273	\$ 169,951,691		\$ 169,951,691
Non-interest bearing CWIP	124,562	-	124,562		124,562
Plant Held For Future Use	-	-	-		-
Less: Accumulated Depreciation	(45,211,783)	(1,580,190)	(46,791,973)		(46,791,973)
Less: Contributions, net of Amortization	(422,168)	-	(422,168)		(422,168)
Total Net Utility Plant	114,605,029	8,257,083	122,862,112	-	122,862,112
Less: Customer Advances for Construction	(169,931)	-	(169,931)		(169,931)
Working Capital:					
Cash Allowance	1,286,178	140,096	1,426,274		1,426,274
Materials and Supplies	524,866	-	524,866		524,866
Prepayments	124,389	-	124,389		124,389
Total Working Capital	1,935,433	140,096	2,075,529	-	2,075,529
Regulatory Deferrals:					
Tank Painting, net of taxes	-	-	-		-
Unamortized Long-Term Debt Costs	-	-	-		-
Rate Case Expense, net of taxes	1	(1)	(0)		(0)
SIT Liab (included in Accum Def Inc Taxes)	-	-	-		-
Total Regulatory Deferrals	1	(1)	(0)	-	(0)
Less: Accumulated Deferred Income Taxes	(26,670,549)	(1,592,269)	(28,262,818)		(28,262,818)
Rate Base - Pre EB Cap Adjustment	89,699,982	6,804,909	96,504,891	-	96,504,891
Earnings Base Cap Adjustment	(1,981,524)	-	(1,981,524)		(1,981,524)
Rate Base	\$ 87,718,458	\$ 6,804,909	\$ 94,523,367	\$ -	\$ 94,523,367