

June 25, 2018

Kathleen H. Burgess, Secretary
New York State Public Service Commission
Empire State Plaza
Agency Building 3
Albany, New York 12223-1350

Re: Case 17-M-0815

Dear Secretary Burgess:

I am President of the Heritage Hills Water Works Corp. (HHWW) which provides water service to a residential development located in Somers, NY. This development consists of 2,606 residential condominium units and 37 commercial customers. The company's gross revenue for 2017 was \$1,494,759 and for 2016 it was \$1,456,678. The company's gross revenue exceeds \$1,000,000 and is therefore classified by the NYSPSC as a Class A Large water company. In reality HHWW is a very small utility company especially when comparing it to American Water Company, Suez, NYSEG or Con-Edison.

In case 17-M-0815, "Staff Proposal to Address the Accounting and Ratemaking of the Tax Cuts and Jobs Act of 2017" the NYSPSC staff proposes using different accounting methods for large and small utilities in accounting for the new federal income tax on CIAC. For large utility companies staff has proposed using the utility finance method and for small utility companies staff has proposed using the present-value method and in some cases the gross-up method. If the NYSPSC agrees with the staff proposal, then HHWW would be required to use the utility finance method which can create a financial hardship for the company. HHWW currently has two developer funded water main extensions under construction with the possibility of more in the future. Under the utility finance method HHWW would be required to pay the federal income tax on the CIAC and include the tax in rate base which would then require a request for an increase in rates.

I am requesting that the NYSPSC consider classifying HHWW as a small utility in regards to the utilization of accounting methods for treatment of the new federal income tax on CIAC.

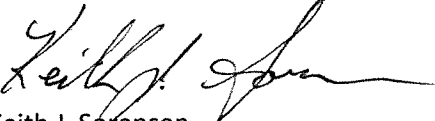
Heritage Hills Water Works Corp.
465 Heritage Road
P.O. Box 873
Southbury, Connecticut 06488
Billing 1-800-724-0322
Service 914-276-2505
Administration 203-264-8291
Fax 203-264-3352

If staff would like to discuss this with me I can be reached at 203 264-8291 ext. 205.

I look forward to hearing from you.

Regards,

HERITAGE HILLS WATER WORKS CORP.


Keith J. Sorensen
President

KJS:jbt