STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

THREE EMPIRE STATE PLAZA, ALBANY, NY 12223-1350

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October 19, 2009

Honorable Jaclyn A. Brilling
Secretary
New York State Public Service Commission
3 Empire State Plaza
Albany, NY 12223

Case 09-W-0237: Proceeding on Motion f the Commission as to the Rates, Charges, Rules and Regulations of New York Water Service Corporation

Dear Secretary Brilling:

Attached please find an amendment f to the Joint Proposal filed in this case on September 30, 2009iled jointly by Staff and New York Water Corporation.

Sincerely,

Joseph Dowling, Esq.
Assistant Counsel

cc Andy Gansberg (via e-mail)
Kimberly Joyce, Esq. (via e-mail)
Saul Rigberg, Esq. (via e-mail)
David Minz, Esq. (via e-mail)
John Walters, Esq. (via e-mail)

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 09-W-0237: PROCEEDING ON MOTION OF THE COMMISSION AS TO THE RATES, CHARGES, RULES AND REGULATIONS OF NEW YORK WATER SERVICE CORPORATION

AMENDMENT TO JOINT PROPOSAL DATED SEPTEMBER 30, 2009

Dated: October 19, 2009

12747007.3

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 09-W-0237: PROCEEDING ON MOTION OF THE COMMISSION AS TO THE RATES, CHARGES, RULES AND REGULATIONS OF NEW YORK WATER SERVICE CORPORATION

AMENDMENT TO JOINT PROPOSAL DATED SEPTEMBER 30, 2009

THIS AMENDMENT, made on October 19, 2009, by and among New York Water Service Corporation ("NYWS" or the "Company"), and Staff of the New York State Department of Public Service ("Staff") (collectively referred to as the "Parties"), is intended to modify the Joint Proposal ("JP") dated September 30, 2009 by and among NYWS and Staff. This Amendment shall control in the event of any conflict with the JP dated September 30, 2009.

The JP, under Rate Option One, provides for an allocation of the 17.68% base rate increase for Rate Year One in such a manner that fire service customers would receive an increase of 14.2% and metered customers 17.95%. Due to the roll-in to base rates of amounts that have been or would be collected through surcharge mechanisms, the average Rate Year One increase for metered customers would be 8.28% and the average Rate Year One bill increase for fire service customers would be 10.72%.

Under Rate Option Two as presented in the JP, fire service customers would receive the same 14.2% base rate increase in Rate Year One as in Rate Option One. However, because fire service customers would end up paying more under Rate Option Two in Rate Years Two and Three (4.16%, and 4.0%) than they would pay under Rate Option One (1.57% and 1.95%), the

Parties decided that it would be more equitable to modify the base rate increase under Rate Option Two for Rate Year One as follows:

Metered Customers	15.31% (formerly 15.11%)
Fire Service Customers	11.64% (formerly 14.2%)

The revised Rate Year One fire service base rate percentage increase under Rate Option Two was derived by equalizing, on a net present value basis, Rate Options One and Two for fire service customers. The end result under Rate Option Two, as modified herein for metered and fire service customers, is as follows:

	Rate Year 1	**Rate Year 2**	**Rate Year 3**
Metered Customers	15.31%	4.16%	4.00%
Fire Service Customers	11.64%	4.16%	4.00%

Accounting for roll-ins, the bill impacts in Rate Year One are 5.63% for metered customers (formerly 5.43%) and 8.16% for fire service customers (formerly 10.72%). Base rate and bill impacts are identical in Rate Years Two and Three. The computation of annual metered revenues by service class under Rate Option Two per the JP and the JP as revised are detailed on Schedule A hereto. As a result of the revised allocation between metered and fire service customers in Option Two, the revised target metered revenues for the Revenue Adjustment Clause are detailed on Schedule B hereto for Rate Years One, Two and Three. Schedule C shows the net present values of Rate Option One, Rate Option Two and revised Rate Option Two for metered customers and private and public fire service customers.

IN WITNESS WHEREOF, the Parties have affixed their signatures below as evidence of their agreement to be bound by the provisions of this Amendment to the Joint Proposal on the day and year first written above.

NEW YORK WATER SERVICE CORPORATION

By Andrew Gansberg
Andrew Gansberg
Attorney for New York Water Service Corporation

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE

By____________________
Joseph Dowling
Assistant Counsel

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Schedule A

Computation of Annual Metered Revenues

	Pro Forma Revenue Per Company	Staff Revenue Adjustment	Pro Forma Revenue Per Staff	Year 1 Increase	Pro Forma Revenue Year 1		Year 1 Increase w/roll ins	Pro Forma Revenue Year 1 w/roll ins		Year 2 Increase	Pro Forma Revenue Year 2		Year 3 Increase	Pro Forma Revenue Year 3	
Metered	20,633,870	297,395	20,931,265	3,757,697	24,688,962	17.95%	1,732,129	22,663,394	8.28%	388,294	25,077,256	1.57%	489,021	25,566,277	1.95%
Private Fire	123,845	-	123,845	17,586	141,431	14.20%	13,275	137,120	10.72%	2,224	143,655	1.57%	2,801	146,456	1.95%
Public Fire	1,491,086	-	1,491,086	211,734	1,702,820	14.20%	159,833	1,650,919	10.72%	26,781	1,729,601	1.57%	33,728	1,763,329	1.95%
LPC	46,417	-	46,417	8,208	54,625	17.68%	8,208	54,625	17.68%	859	55,484	1.57%	1,082	56,566	1.95%
Reconnect	2,850	-	2,850	504	3,354	17.68%	504	3,354	17.68%	53	3,407	1.58%	66	3,473	1.94%
Bad Check	4,472	-	4,472	791	5,263	17.69%	791	5,263	17.69%	83	5,346	1.58%	104	5,450	1.95%
Other	1,671	-	1,671	295	1,966	17.65%	295	1,966	17.65%	31	1,997	1.58%	39	2,036	1.95%
Total	22,304,211	297,395	22,601,606	3,996,815	26,598,421		1,915,035	24,516,641		418,325	27,016,746		526,841	27,543,587	
				17.68%			8.47%			1.57%			1.95%		
				1,915,035											
				8.47%											

Computation of Annual Metered Revenues - Levelized (per JP) Schedule A

	Pro Forma Revenue Per Company	Staff Revenue Adjustment	Pro Forma Revenue Per Staff	Year 1 Increase	Pro Forma Revenue Year 1		Year 1 Increase w/roll ins	Pro Forma Revenue Year 1 w/roll ins		Year 2 Increase	Pro Forma Revenue Year 2		Year 3 Increase	Pro Forma Revenue Year 3	
Metered	20,633,870	297,395	20,931,265	3,162,344	24,093,609	15.11%	1,136,776	22,068,041	5.43%	1,002,626	25,096,235	4.16%	1,002,626	26,098,861	4.00%
Private Fire	123,845	-	123,845	17,586	141,431	14.20%	13,275	137,120	10.72%	5,885	147,316	4.16%	5,885	153,201	3.99%
Public Fire	1,491,086	-	1,491,086	211,734	1,702,820	14.20%	159,833	1,650,919	10.72%	70,861	1,773,681	4.16%	70,861	1,844,542	4.00%
LPC	46,417	-	46,417	6,983	53,400	15.04%	6,983	53,400	15.04%	2,222	55,622	4.16%	2,222	57,844	3.99%
Reconnect	2,850	-	2,850	429	3,279	15.05%	429	3,279	15.05%	136	3,415	4.15%	136	3,551	3.98%
Bad Check	4,472	-	4,472	673	5,145	15.05%	673	5,145	15.05%	214	5,359	4.16%	214	5,573	3.99%
Other	1,671	-	1,671	251	1,922	15.02%	251	1,922	15.02%	80	2,002	4.16%	80	2,082	4.00%
Total	22,304,211	297,395	22,601,606	3,400,000	26,001,606		1,318,220	23,919,826		1,082,024	27,083,630		1,082,024	28,165,654	
				15.04%			5.83%			4.16%			4.00%		
				1,318,220											
				5.83%											

Computation of Annual Metered Revenues - Levelized **(JP revised)**

	Pro Forma Revenue Per Company	Staff Revenue Adjustment	Pro Forma Revenue Per Staff	Year 1 Increase	Pro Forma Revenue Year 1		Year 1 Increase w/roll ins	Pro Forma Revenue Year 1 w/roll ins		Year 2 Increase	Pro Forma Revenue Year 2		Year 3 Increase	Pro Forma Revenue Year 3	
Metered	20,633,870	297,395	20,931,265	3,203,686	24,134,951	15.31%	1,178,118	22,109,383	5.63%	1,004,346	25,139,297	4.16%	1,004,346	26,143,643	4.00%
Private Fire	123,845	-	123,845	14,416	138,261	11.64%	10,105	133,950	8.16%	5,754	144,015	4.16%	5,754	149,769	4.00%
Public Fire	1,491,086	-	1,491,086	173,562	1,664,648	11.64%	121,661	1,612,747	8.16%	69,272	1,733,920	4.16%	69,272	1,803,192	4.00%
LPC	46,417	-	46,417	6,983	53,400	15.04%	6,983	53,400	15.04%	2,222	55,622	4.16%	2,222	57,844	3.99%
Reconnect	2,850	-	2,850	429	3,279	15.05%	429	3,279	15.05%	136	3,415	4.15%	136	3,551	3.98%
Bad Check	4,472	-	4,472	673	5,145	15.05%	673	5,145	15.05%	214	5,359	4.16%	214	5,573	3.99%
Other	1,671	-	1,671	251	1,922	15.02%	251	1,922	15.02%	80	2,002	4.16%	80	2,082	4.00%
Total	22,304,211	297,395	22,601,606	3,400,000	26,001,606		1,318,220	23,919,826		1,082,024	27,083,630		1,082,024	28,165,654	
				15.04%			5.83%			4.16%			4.00%		
				1,318,220											
				5.83%											

Schedule B

Revised Metered Targets - Option 2 Revised

	RAC targets YE 2/6 basis	metered customers rate increase	February Revenues (@ 5.21% of Total)	5 February Days	1/31 YE targets
Year 1	24,134,951	3,203,686	166,912	29,806	24,105,145
Year 2	25,139,297	1,004,346	52,326	9,344	25,129,953
Year 3	26,143,643	1,004,346	52,326	9,022	26,134,621

Cost of Capital 7.85%

Total Base Rate Increasse

	Option One Per JP: Base Rate Increases	Option One Per JP: Cumulative Increases	Option One Per JP: Present Value	Option Two Per JP: Base Rate Increases	Option Two Per JP: Cumulative Increases	Option Two Per JP: Present Value	Option Two to Equalize the NPVs of Option One: Base Rate Increases	Option Two to Equalize the NPVs of Option One: Cumulative Increases	Option Two to Equalize the NPVs of Option One: Present Value
2010	$3,996,814	$3,996,814	$3,848,610	$3,400,000	$3,400,000	$3,273,926			
2011	418,325	4,415,139	3,941,978	1,082,024	4,482,024	4,001,695			
2012	526,040	4,941,179	4,090,536	1,082,024	5,564,048	4,606,176			
Cumulative	**$4,941,179**	**$13,353,132**	**$11,881,123**	**$5,564,048**	**$13,446,072**	**$11,881,796**			
Higher rate level at beginning of fourth year					**$622,869**				

Public Fire Base Rate Increase

	Option One Per JP: Base Rate Increases	Option One Per JP: Cumulative Increases	Option One Per JP: Present Value	Option Two Per JP: Base Rate Increases	Option Two Per JP: Cumulative Increases	Option Two Per JP: Present Value	Option Two to Equalize the NPVs of Option One: Base Rate Increases	Option Two to Equalize the NPVs of Option One: Cumulative Increases	Option Two to Equalize the NPVs of Option One: Present Value
2010	$211,734	$211,734	$203,883	$211,734	$211,734	$203,883	$173,562	$173,562	$167,126
2011	26,781	238,515	212,954	70,861	282,595	252,310	69,272	242,834	216,810
2012	33,728	272,243	225,375	70,861	353,456	292,607	69,272	312,106	258,376
Cumulative	**$272,243**	**$722,492**	**$642,212**	**$353,456**	**$847,785**	**$748,800**	**$312,106**	**$728,502**	**$642,312**
Higher rate level at beginning of fourth year					**$81,213**			**$39,863**	

Private Fire Base Rate Increase

	Option One Per JP: Base Rate Increases	Option One Per JP: Cumulative Increases	Option One Per JP: Present Value	Option Two Per JP: Base Rate Increases	Option Two Per JP: Cumulative Increases	Option Two Per JP: Present Value	Option Two to Equalize the NPVs of Option One: Base Rate Increases	Option Two to Equalize the NPVs of Option One: Cumulative Increases	Option Two to Equalize the NPVs of Option One: Present Value
2010	$17,586	$17,586	$16,934	$17,586	$17,586	$16,934	$14,416	$14,416	$13,881
2011	2,224	19,810	17,687	5,885	23,471	20,956	5,754	20,170	18,008
2012	2,801	22,611	18,718	5,885	29,356	24,302	5,754	25,924	21,461
Cumulative	**$22,611**	**$60,007**	**$53,339**	**$29,356**	**$70,413**	**$62,192**	**$25,924**	**$60,510**	**$53,351**
Higher rate level at beginning of fourth year					**$6,745**			**$3,313**	

Metered Customer Base Rate Increase

	Option One Per JP: Base Rate Increases	Option One Per JP: Cumulative Increases	Option One Per JP: Present Value	Option Two Per JP: Base Rate Increases	Option Two Per JP: Cumulative Increases	Option Two Per JP: Present Value	Option Two to Equalize the NPVs of Option One: Base Rate Increases	Option Two to Equalize the NPVs of Option One: Cumulative Increases	Option Two to Equalize the NPVs of Option One: Present Value
2010	$3,757,697	$3,757,697	$3,618,359	$3,162,344	$3,162,344	$3,045,082	$3,203,686	$3,203,686	$3,084,891
2011	388,294	4,145,991	3,701,674	1,002,626	4,164,970	3,718,619	1,004,346	4,208,032	3,757,066
2012	489,021	4,635,012	3,837,077	1,002,626	5,167,596	4,277,974	1,004,346	5,212,378	4,315,047
Cumulative	**$4,635,012**	**$12,538,700**	**$11,157,110**	**$5,167,596**	**$12,494,910**	**$11,041,675**	**$5,212,378**	**$12,624,096**	**$11,157,004**
Higher rate level at beginning of fourth year					**$532,584**			**$577,366**	