

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Long Island Water Corporation d/b/a Long Island American Water for Water Service.

Case 11-W-0200

JOINT PROPOSAL

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JOINT PROPOSAL

THIS JOINT PROPOSAL is made as of November 28, 2011, by and between Long Island Water Corporation, d/b/a Long Island American Water (“LIAW” or the “Company”), the Staff of the New York State Department of Public Service (“Staff”) and the Utility Intervention Unit (“UIU”) of the New York State Department of State’s Division of Consumer Protection. It sets forth the terms of a Rate Plan for the three-year period beginning April 1, 2012, and ending March 31, 2015. This Joint Proposal is intended, by the signatory parties, to settle all issues in the above-referenced rate proceeding and to be presented to the Public Service Commission (“Commission”) for approval in its entirety since each provision is in consideration and support of all of the other provisions.

I. PROCEDURAL HISTORY

LIAW provides various types of water service to approximately 74,000 customers in Nassau County, New York. On April 29, 2011, LIAW filed amendments to its tariff schedule P.S.C. No. 1 – Water, with supporting testimony and exhibits, to increase annual base rates for all customer classes by \$9,563,146 or 19.49% for the rate year ending March 31, 2013.¹ According to the Company, the proposed increase in revenue requirement is necessary for LIAW

¹ The Company’s filing stated that taking into account the resetting of certain surcharges, however, the net impact of the rate increase was 13.23%.

to meet increasing costs of providing safe, reliable and quality service including increases in the costs of operation, including property taxes, depreciation expense and capital expenditures associated with major plant additions and also allowing the Company an opportunity to earn a fair rate of return on its plant dedicated to providing public service.

By notice issued May 5, 2011, the Commission suspended LIAW's tariff amendments through September 27, 2011. The UIU filed a request to become a party to the proceeding on May 6, 2011. The Village of Lynbrook filed a request to become a party on October 17, 2011.

Comprehensive discovery requests were exchanged among the parties. Staff and the UIU served approximately 177 and 35 formal information requests on the Company, respectively.

Staff filed its Direct Testimony with exhibits on September 12, 2011. Also on September 12, the Commission further suspended the proposed tariff amendments through March 27, 2012.

Staff, LIAW and the UIU began exploratory discussions on September 15, 2011. A Notice of Impending Settlement Negotiations was also filed with Commission on September 15, 2011, pursuant to Section 3.9 of the Commission's rules (16 NYCRR §3.9) and the Commission's Settlement Guidelines contained in Opinion 92-2.2. Staff, LIAW and the UIU continued settlement discussions on September 16, 2011.

The Company filed rebuttal testimony, with exhibits, on October 3, 2011. Staff, LIAW and the UIU continued settlement discussions on October 11 and 12, 2011. An agreement in principle on the major terms of the Joint Proposal was reached on October 14, 2011. The agreement addressed the first year revenue requirement and provided for a three-year rate plan.

A status conference and an evidentiary hearing were held before Administrative Law Judge ("ALJ") Rafael Epstein on October 20, 2011 at the Commission's offices in Albany. The parties advised ALJ Epstein that an agreement in principle had been reached and that evidentiary

hearings would not be required except to mark into evidence the testimony, exhibits and other supporting documents filed in this proceeding.

This Joint Proposal formalizes the agreement reached on October 14, 2011, with some modifications also agreed to by the parties. Attached to this Joint Proposal as Appendix A are income statements and associated schedules, developed jointly by the parties, setting forth in detail the revenue requirements for the Company for the term of the three-year rate plan.

II. SIGNATORIES TO JOINT PROPOSAL

Staff, LIAW and the UIU (the “Signatories”) have joined in this Joint Proposal.

III. PROVISIONS OF JOINT PROPOSAL

A. Term

a. The Joint Proposal covers the three-year period commencing April 1, 2012, and ending March 31, 2015. New Rates will become effective on April 1 of each rate year as described in subsection III.A.b, below. The terms and conditions in this Joint proposal regarding this three-year period and upon which rates will become effective are referred to as the “Rate Plan.”

b. The following terminology is used to describe the one-year period of each of the three years of the Rate Plan:

Year One: Twelve months ending March 31, 2013

Year Two: Twelve months ending March 31, 2014

Year Three: Twelve months ending March 31, 2015

B. Revenue, Production Costs and Property Tax Reconciliation (RPCRC)
Mechanisms

The existing RPCRC Mechanisms are continued with revisions updated for new target levels. The effects of differences in the level of actual revenues versus the level of revenues in rates, production costs (fuel, power and chemicals) and property taxes versus the targets presented below in each rate year for the period April 1, 2012 through March 31, 2015, will be deferred and recovered or refunded through the RPCRC Mechanisms on an annual (rate year) basis. The reconciliations and associated tariff leaves will be submitted annually to the Secretary to the Commission within 60 days after the end of the term of each Rate Year. The submitted net surcharge or credit will go into effect 45 days after submittal unless Staff submits a letter to the Company indicating that the reconciliation amounts should be adjusted.

- a. For purposes of reconciliation under the RPCRC, the target levels for Year One will be as follows:
 - i. Metered Revenues \$47,549,412
 - ii. Fuel, power and chemicals \$3,953,224
 - iii. Property Taxes \$11,893,414
- b. The target level for revenues reconciled under the RPCRC for Year Two is \$48,807,844, and for Year Three is \$49,869,621.
- c. The target level for fuel, power and chemicals is \$4,032,684 for Year Two and \$4,118,580 for Year Three. Changes to these items will be determined in accordance with the current methodology employed for RPCRC Mechanism.
- d. The target level for property taxes in Year Two is \$12,132,472 and the target level for property taxes in Year Three is \$12,390,893. The treatment of property taxes is further described in Section I, below.
- e. The RPCRC Mechanisms will continue beyond the term of the Rate Plan set out within this Joint Proposal at the Year Three target levels until new target levels are set in the Company's next rate proceeding. If the Company decides to voluntarily not file for rate relief to be effective by April 1, 2015, the Year Three monthly target levels will set using the monthly averages of metered revenue for the most-recent five years applied to the Year Three target level of \$49,869,621. These monthly

target levels are for calculating the RPCRC for any period of time not equivalent to a normal rate year for LIAW.

C. Base Rates

- a. The percentage increases, dollar increases and revenue forecasts for the base rates in each year for the term of the Rate Plan are as follows:

	% Increase	Increase	Revenues
Year One	6.02%	\$2,955,218	\$52,018,377
Year Two	2.64%	\$1,375,826	\$53,394,203
Year Three	2.17%	\$1,160,601	\$54,554,804

- b. The revenue requirement calculations for each year and any adjustments contained in this Joint Proposal are contained in Appendix A.
- c. The effect of this proposal on customers' bills is summarized in Appendix B.
- d. Appendix C contains the proposed tariff leaves detailing the base rate increase and the effective date for Rate Years One, Two and Three.

D. Acquisition Considerations

- a. Currently, LIAW's corporate parent is in the process of acquiring the New York assets of Aqua New York, Inc. (Aqua NY) (Case 11-W-0472). The JP revenue requirement recognizes \$901,331 of ratepayer synergy savings throughout the three-year period of the rate plan (\$133,777 + 383,777 + 383,777 for rate year 1, rate year 2 and rate year 3, respectively). This amount represents the Company's best estimate for the three-year rate plan.

- b. Staff intends to examine synergy savings in Case 11-W-0472 and the savings identified above may be subject to adjustment based on the determination of the Commission in the acquisition proceeding. Any adjustment would be taken care of through the RPCRC Mechanism.
- c. If the acquisition does not occur the Company will recover the \$901,331 in synergy savings through the RPCRC Mechanism.

E. System Improvement Charge (“SIC”)

The Company is authorized to continue the use of its SIC mechanism. The SIC mechanism applies to specific reviewed and approved projects. The mechanism will allow recovery of carrying costs (i.e., return and depreciation expense) on specific projects placed in service in Rate Year Two, Rate Year Three and beyond. The use of the SIC mechanism is approved for the following projects and associated capital expenditures:

- Iron removal facilities at Plant 15 - \$8,450,000
- Storage tank rehabilitation at Plant 13 - \$1,900,000
- Plant 5 common suction well rehabilitation, Phase 2 -\$525,000
- Business transformation EAM/CIS - \$4,926,481

The Company must make a compliance filing with the Secretary to the Commission after each project is placed in service. Further, after the Company makes its initial SIC filing, it must also make annual filing within 60 days of the end of each rate year to reconcile authorized compared to actual collections and update the surcharge for any accumulated depreciation associated with the projects in service. The submitted

surcharge will go into effect 60 days after submittal unless Staff submits a letter to the Company indicating that the surcharge should be adjusted.

After LIAW has incurred actual capital expenditures for the projects listed above and the new facilities have been placed in service, then the amount of those expenditures (net of associated (i) retirements, (ii) accumulated deferred income taxes (“ADIT”), and (iii) accumulated depreciation reserve, i.e., the net rate base (“NRB”)) will constitute the incremental rate base investment subject to the SIC.

LIAW will be entitled to assess a SIC surcharge on customers’ bills based on a pre-tax rate of return of 10.14% applied to the net rate base increase. The cost of annual depreciation expense will be added to that amount, and the total will be divided by projected annual water revenues as defined below.

The SIC surcharge will be a percentage, carried to two decimal places, and will be applied to the customer service charge and the volumetric charges billed to each Residential, Commercial & Industrial and Lawn Sprinkler customer. The formula of the calculation is as follows:

$$\text{SIC surcharge} = [(\text{NRB} \times \text{Pre-tax ROR}) + D] / \text{AR}$$

Where:

NRB = the cost of the specific approved facilities listed above, net of associated

(i) retirements, including cost of removal and any related tax benefits, (ii)

ADIT and (iii) accumulated depreciation reserve

Pre-tax ROR = 10.14%

D = the annual depreciation expense on the net additions

AR = LIAW’s projected annual metered revenues

The SIC surcharge will be used for the pre-approved applicable facilities placed in service during the Rate Plan and beyond. LIAW will provide Staff with detailed project information within 30 calendar days regarding the SIC (such as in service dates, actual paid capital expenditures, replacements and retirements). Staff will have 60 days to analyze and verify such data.

A reconciliation between authorized collections and actual collections related to the SIC surcharge will be conducted annually and filed with the Secretary to the Commission within 60 days of the end of each rate year. Any under-collections or over-collections will accrue interest at the customer deposit interest rate established by the Commission each year. Adjustments of under-collections or over-collections, as well as updates for accumulated depreciation reserve, will be reflected in the subsequent SIC surcharge filing. The submitted surcharge will go into effect 60 days after the submittal unless Staff submits a letter to the Company indicating that the surcharge should be adjusted.

The SIC surcharge will remain in place until the Commission issues a decision in the Company's next general rate case, at which time all costs previously collected through the SIC will be accounted for and included in base rates. Those new base rates will recover the costs that had been recouped previously via the SIC surcharge.

F. Distribution System Improvement Charge ("DSIC")

- a. The DSIC surcharge, as described in the Settlement Agreement approved by the Commission in Case 04-W-0577,² and extended with some

² Case 04-W-0577, Order Establishing Rate Plan (Mar. 21, 2005).

modification by the Commission in Case 07-W-0508,³ shall end on the effective date new rates are implemented in the instant proceeding.

- b. The Company agrees to spend \$7.75 million per rate year on distribution system related work, including but not limited to, mains, services, hydrants, valves over the term of the rate plan. The carrying costs associated with the \$7.75 million capital investment in each of the rate years have been included in the base rates for each of those years. A list of water main replacement projects anticipated to be completed as part of the distribution system improvement program in this rate plan is included in Appendix F.
- c. Within 60 days after each Rate Year, the Company will submit to the Secretary to the Commission the capital expenditures for distribution system related projects under accounts 343, 344, 345 and 348. If the Company spends less than the authorized yearly amounts (\$7.75 million per year), the Company will defer the revenue requirement impact of any shortfall below the target levels for the benefit of ratepayers. Such analysis will be done on a cumulative basis at the conclusion of the rate plan.
- d. The existing DSIC surcharge, as described in the Settlement Agreement approved by the Commission in Case 04-W-0577, was subject to an annual reconciliation between the authorized collections and actual collections. The annual reconciliation was required to be filed within 60

³ Case 07-W-0508, Order Determining Revenue Requirement and Rate Design (Mar. 5, 2008).

days of the end of each rate year. Any reconciliation amount, with applicable interest, was then included in the next DSIC filing. Another reconciliation filing for this DSIC surcharge is required for the twelve month period ending March 31, 2012. Accordingly, with the expiration of the DSIC surcharge upon adoption of this JP, the Company will file with the Secretary to the Commission a single and final DSIC reconciliation for the twelve month period ending March 31, 2012. The resulting final DSIC reconciliation amount will be recovered or refunded via a one-time surcharge or credit 45 days from the date of the filing via operation of the Final DSIC Reconciliation Statement No. 1 (“FDR”). Staff will have the 45 days from the final reconciliation filing date to review the Company’s submission and calculations. A template for the FDR is shown in Appendix G.

G. Rate Structure

The rate increases authorized for Years One, Two and Three will be calculated as follows: In each year of the rate plan, the full percentage increase needed to reach the authorized revenue requirement is applied equally to Service Classification No. 1 (Residential), No. 1A (Commercial & Industrial), No. 2 (Private Fire Hydrant Service), No.3 (Lawn Sprinklers), No. 4 (Public Fire Protection), No. 5 (Construction and Other Purposes) and No. 6 (Private Fire Protection).

H. Earnings Sharing

- a. The Signatories have agreed to an Earnings Sharing Mechanism (“ESM”).
The capital structure used in determining the overall rate of return is

reflected in Appendix A. The debt-to-equity ratio and the cost of debt used in such calculation are as follows:

	Ratio	Cost	Weighted Average Cost	Pre-Tax Return
Long-Term Debt	57.11%	5.81%	3.32%	3.318%
Preferred Stock	0.89%	4.50%	0.04%	0.067%
Common Equity	42.00%	9.65%	4.05%	6.757%
Total	100%		7.41%	10.14%

- b. LIAW’s actual earned Return on Equity (“ROE”) for earning purposes will be calculated on an aggregate basis for the three years ending March 31, 2015.
- c. LIAW will be permitted to retain 100% of earnings attributable to an achieved return up to and including 10.2%. All earnings attributable to an achieved ROE above 10.2% and up to 10.7% will be shared 50%/50% between customers and shareholders. All earnings attributable to an achieved ROE above 10.7% will be shared on the basis of 75% to the customers and 25% to the shareholders. This Earnings Sharing Mechanism will continue beyond the end of the Rate Plan until LIAW’s rates are reset in the next rate proceeding.
- d. The sharing of revenues under this ESM will be determined in the following manner:
 - a. For each of the three rate years provided for in this Joint Proposal, the earned return will be determined based upon the Company’s

regulated Net Income divided by Average Common Equity. The Common Equity ratio will be based on the lower of LIAW's actual common equity ratio or a hypothetical 42.00% common equity ratio. If the 42.0% hypothetical common equity ratio is used it, will be applied to the total capital structure (long term debt, short term debt, preferred stock and common equity) at the end of June, September, December and March of each rate year. These four numbers will then be averaged to determine the Average Common Equity for this calculation.

- b. The aggregate achieved ROE for the three-year period ending March 31, 2015 will be the average of the achieved ROE for each of the three rate years ending March 31, 2013, March 31, 2014, and March 31, 2015. Any earnings to be shared with customers will include carrying charges computed at the "other customer capital rate" in effect beginning October 1 2013 (mid-point of the three rate years covered by this rate plan) and will continue until these net any over-earnings are passed back to customers.
- c. The following items and methodologies will be included in the earnings sharing calculation:
 - LIAW's total operating water revenues;
 - Gains and losses on the sale of real property included in net income;
 - The earnings impact of the System Improvement Charge ("SIC") surcharge revenues;

- For those items subject to reconciliation (actual metered revenues, fuel, power, chemicals, pension, OPEBs and property tax), the regulated net income will only reflect the rate year target amounts set forth herein;
 - All other revenues and prudently incurred utility expenses considered part of the utility cost of service earnings.
- d. The following items are excluded from the earnings sharing calculation:
- All other income (*i.e.*, revenues not generated from utility assets) and deductions and related taxes;
 - Revenues and/or expenses resulting from any audit addressing the Company's past treatment of pensions and OPEBs with respect to the Commission's Policy Statement⁴;
 - All changes in accounting not contemplated in setting the revenue requirement;
 - Shareholder portion of property tax refunds;
- e. Any earnings due customers under this earnings sharing mechanism will be reflected in the revenue requirement in the Company's next general rate case or as directed by the Commission.
- f. Within 90 days after the end of each year for the stay-out period, the Company will file with the Secretary to the Commission an earnings report and supporting documentation that will be used for the Earnings Sharing mechanism provided for in this Joint Proposal. In the third rate year report the Company will show the amount of any net over earnings are to be shared with ratepayers.

⁴ Case 91-M-0890, *Statement of Policy and Order Concerning the Accounting and Ratemaking Treatment for Pensions and Postretirement Benefits Other Than Pensions* (Issued September 7, 1993) ("Policy Statement").

I. Outreach and Education

- a. The Company will continue to develop and implement customer outreach and education programs and materials to increase awareness and understanding of water issues, policies, and initiatives such as water quality, cost, system improvements, conservation techniques, customer rights and customer service matters. Within 30 days after the Commission issues an order adopting the terms of the Joint Proposal, the Company will file a plan with the Director of the Department of Public Service's Office of Consumer Policy ("OCP Director") for Staff review that details the outreach and education program's goals and objectives, target audiences, source of funding, core messages and implementation strategies, methods and schedule for the coming year. The annual plan may be reviewed and updated as appropriate and necessary based on significant changes in Company services or programs. The Company will review the plan each year of the rate term and send a letter to the Director within 30 days after the end of the Rate Year stating whether any change to the plan is warranted, and, if a change is warranted, describing the change.

J. Property Taxes

- a. The Company's property tax expense for Rate Year One has been updated to reflect the actual amount of school taxes of \$6,079,053, an increase of \$1,032,785 over Staff's filed position.
- b. For each of Year One, Year Two and Year Three, the variance between forecast and actual property taxes will be tracked. The Company will

absorb or retain 10% of such variance, and the remaining variance (90%) shall be deferred and fully recovered or passed back to customers in the succeeding 12-month period as part of the RPCRC Mechanism. The Company will be allowed to retain the 10% of such variance only if it can successfully demonstrate that the reduction in property tax expense was a direct result of the Company's intervention and action (for the purpose of this paragraph, sale of property is not action that would trigger any potential sharing). The Company will absorb 10% of all property tax increases above the reconciliation levels set forth in section I, subsection d below, with the remainder paid by customers. This reconciliation will continue beyond the end of the Rate Plan.

- c. Any such amounts that are deferred will accrue interest, net of tax, at the Commission-established other customer capital rate.
- d. The forecasted property tax levels for utility assets for Year One, Year Two and Year Three are \$11,893,414; \$12,132,472 and \$12,390,893, respectively. Property tax refunds will not be reflected in the RPCRC. For such refunds, the Company will notify the Commission pursuant to Public Service Law ("PSL") § 113(2) and Part 89 of the Commission's Codes, Rules and Regulations (16 NYCRR Part 89). LIAW will accrue interest net of tax, at the other customer capital rate established by the Commission each year, from the date it received the refund until disposition.

K. Pension and OPEBs

- a. The Company filed an update through December 31, 2010 in regard to the Internal Reserves for Pension and Other Post Retirement Benefits (OPEBs) on April 1, 2011 pursuant to Case 05-W-0339, Proceeding on Motion of the Commission to Examine the Accounting Practices of Long Island Water Corporation with Respect to its Pension and Other Post-Employment Benefit Plans. Staff is in the process of reviewing the filing and will provide the Company a draft report discussing the results of its examination and its preliminary recommendations for resolution of the filing when it completes its review. If the Staff and the Company are able to reach agreement on the appropriate resolution of the filing in a timely manner, the Company will submit a letter to the Secretary of the Commission recommending the agreement be incorporated in this Joint Proposal.
- b. As a general matter, the Commission's Pension/OPEB Policy Statement⁵ does not allow companies to accrue interest on Pension/OPEB Internal Reserve debit balances but does allow companies to seek prospective interest accruals or rate base treatment for debit balances.⁶ The Company has made such a request in this proceeding for its Pension Internal Reserve, Staff is currently reviewing the support provided by the Company. If Staff agrees such treatment is appropriate before the

⁵ Case 91-7 M-0890, Statement of Policy and Order Concerning the 4 Accounting and Ratemaking Treatment for Pensions and Post-Retirement Benefits Other Than Pensions (issued September 7, 1993) (Pension/OPEB Policy Statement).

⁶ Id., Appendix A, p. 6, fn. 3.

Commission addresses this Joint Proposal, Staff will submit a letter recommending a provision be added to the Joint Proposal allowing the Company to accrue interest on its Pension Internal Reserve.

- c. The Pension/OPEB Policy Statement requires that Pension/OPEB expense be computed on a stand-alone basis. The Company, in its rebuttal testimony, formally filed to be transitioned to a consolidated basis, pursuant to section N of the text of the Pension/OPEB Policy Statement. For the three-year term covered by this agreement, the Company's Pension/OPEB expense will be computed on a consolidated basis for accounting and ratemaking purposes. The Commission may require the Company to revert to computing Pension/OPEB expense on stand-alone basis for accounting and ratemaking purposes at the end of the three-year term. The Company will continue to compute the amount of Pension/OPEB on a stand-alone basis for the three-year term covered by this Joint Proposal, see subsection e, below, which covers the ongoing costs of the stand-alone calculation from the Company's actuary.
- d. For the term of this Joint Proposal, the target amount of O&M expense reflected in rates for pensions will be \$888,830 which is the combination of the consolidated FAS 87 expense and disability payments after capitalization and the target amount of O&M expense reflected in rates for OPEBs will be \$501,120 which is the consolidated FAS 106 expense after capitalization for all three Rate Years.

- e. The Company is allowed to recover \$36,000 in actuarial costs for the stand-alone calculation per rate year in base rates.

L. Rate Case Amortization

The Company is authorized to amortize rate case expense of \$232,000 over 3 years or \$77,333.33 annually.

M. Tariff and Regulatory Filings

- 1. As part of its compliance filing, the Company will file the following revisions to its PSC No. 1 – Water:
 - a. Consecutively numbered Cancellation Supplement canceling:
 - Leaf No. 60, Revision 3
 - Leaf No. 61, Revision 3
 - Leaf No. 62, Revision 3
 - Leaf No. 63, Revision 3
 - Leaf No. 64, Revision 3
 - Leaf No. 65, Revision 3
 - Leaf No. 66, Revision 3
 - Leaf No. 67, Revision 3
 - Leaf No. 68, Revision 3
 - Leaf No. 69, Revision 3
 - Distribution System Improvement Charge (DSIC) Statement No. 7
 - Suspension Supplement No. 1
 - Suspension Supplement No. 2
- b. Leaves as set forth in Appendix C, to become effective April 1, 2012, April 1, 2013 and April 1, 2014:
 - 4th Revised Leaves Nos. 60 through 69
 - 5th Revised Leaves Nos. 60 through 69
 - 6th Revised Leaves Nos. 60 through 69
- c. Revenue and Production Cost Reconciliation Adjustment Clause and Property Tax Clause #1 (RPCRC) Statement No. 3 as set forth in Appendix D.

- d. System Improvement Charge (SIC) Statement No. 3 as set forth in Appendix E.
2. The Parties have all had the opportunity to review the rates contained on the proposed tariff leaves and statements listed in 1(b) above. These leaves and statements should be allowed to go into effect on a permanent basis.

N. Stayout Provision

In the event this Joint Proposal is adopted by the Commission, LIAW commits that it will not file a base rate increase application, except as provided herein, before April 1, 2014, for a rate to go into effect before April 1, 2015, after being suspended for the maximum period under the statutes. However, this commitment will not prohibit LIAW from seeking temporary rate relief pursuant to Sections 89-j and 114 of the Public Service Law (“PSL”), as the same may be amended from time to time, if such temporary rate relief is needed to preserve the financial integrity of the Company. This section will not prevent the Company from filing tariffs or tariff amendments reflecting new or revised service offerings that are revenue neutral.

O. Legislative, Regulatory and Related Actions

The Signatories recognize that any law, rule, regulation, order, or other requirement (or any repeal or amendment of an existing law, rule, regulation, order, or other requirement) of the State, local, or federal governments may result in a change in the Company’s revenues, expenses and rate base (including income or other federal or State tax expense and local property taxes) not anticipated in the forecasts for the Rate Plan. If such an event results in an annual revenue requirement impact greater than \$420,000, which would be in excess of the Commission’s materiality threshold for deferral accounting (5% of net income available to common shareholders), the Company

may or the Commission may require the Company to file a petition for deferral of the full revenue requirement effect of any such event. Any such approved deferrals will be reflected in rates in the next annual period or in a manner as otherwise directed by the Commission. No regulatory asset deferrals in this Section will be authorized to the extent that the Company's earnings before sharing exceed an ROE of 10.65% for Year One, 10.0% for Year Two and 9.90% for Year Three.

P. Reservation of Commission Authority

The Signatories hereby acknowledge and agree that the Commission, pursuant to its statutory responsibility, reserves the authority to act on the level of the Company's rates in the event of unforeseen circumstances that, in the opinion of the Commission, establish rates that exceed just and reasonable rates for service or have such a substantial impact upon the range of earnings levels or equity returns envisioned by this Joint Proposal so as to render the Company's actual return in any Rate Year unreasonable or insufficient for the provision of safe and adequate service at just and reasonable rates. No provision of this Joint Proposal or the Commission's adoption of the terms of this Joint Proposal shall in any way abrogate or limit the Commission's statutory authority under the PSL. The Signatories recognize that any Commission adoption of the terms of this Joint Proposal does not waive the Commission's ongoing rights and responsibilities to enforce its orders and effectuate the goals expressed therein, nor the rights and responsibilities of Staff to conduct investigations or take other actions in furtherance of its duties and responsibilities.

Q. Non-Severability and Non-Precedential Value of Provisions

Each provision of this Joint Proposal is in consideration of and supports all other provisions, and each provision is expressly conditioned upon acceptance by the Commission of the Joint Proposal in its entirety. If the Commission fails to adopt the Joint Proposal in its entirety and according to the Joint Proposal's terms, the Signatories will be free to pursue their respective positions in this proceeding without prejudice. The terms and conditions of the Joint Proposal apply solely to, and are binding only in the context of, the purposes and results of the Joint Proposal. None of the terms and provisions of the Joint Proposal, and none of the positions taken herein by any party, may be referred to, cited, or relied upon by any other party in any fashion as precedent or in any other proceedings before this Commission, or any other regulatory agency, or before any court of law for any purpose except: (a) in furtherance of the purposes and results of the Joint Proposal, or (b) in negotiation, litigation, or other proceedings in any case arising from or related to the Joint Proposal.

R. Dispute Resolution

Any disagreement over the interpretation of the Joint Proposal or the implementation of any of the provisions of the Joint Proposal that cannot be resolved informally among the Signatories will be resolved as follows. The Signatories promptly will confer and in good faith attempt to resolve such disagreement. If the disagreement cannot be resolved by the Signatories, the matter will be submitted to an ALJ designated by the Chief ALJ for a determination on an expedited basis using alternative dispute resolution techniques or such other procedures as the ALJ decides are appropriate under

the circumstances. Within 15 days from the ALJ's decision, any party may petition the Commission for relief from the ALJ's determination on the disputed matter.

S. Submission of Joint Proposal

The Signatories agree to submit this Joint Proposal to the Commission and to individually support and request its adoption by the Commission as set forth herein. The Signatories hereto believe that the Joint Proposal will satisfy the requirements of PSL § 89-b(1) that LIAW provide safe and adequate service at just and reasonable rates.

T. Further Assurances

The Signatories recognize that certain provisions of this Joint Proposal require that actions be taken in the future to fully effectuate this Joint Proposal. Accordingly, the Signatories agree to cooperate with each other in good faith in taking such actions.

U. Execution

This Joint Proposal may be executed in counterpart originals and will be binding upon each signatory party when its executed counterpart is filed with the Secretary of the Commission.

IV. CONCLUSION

The Signatories believe this Joint Proposal is in the public interest and urge the Commission to adopt its terms.

The foregoing Joint Proposal in Case 11-W-0200 is Adopted and Agreed to by:

Staff of the Department of Public Service

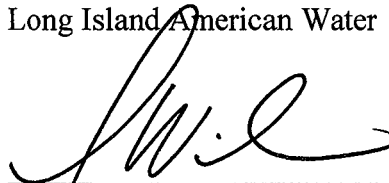
A handwritten signature in black ink, appearing to read "J. Dowling". The signature is stylized with a large initial "J" and a cursive "Dowling".

JOSEPH DOWLING, Esq.
Assistant Counsel

Dated: November 27, 2011

The foregoing Joint Proposal in Case 11-W-0200 is Adopted and Agreed to by:

Long Island Water Corporation d/b/a
Long Island American Water

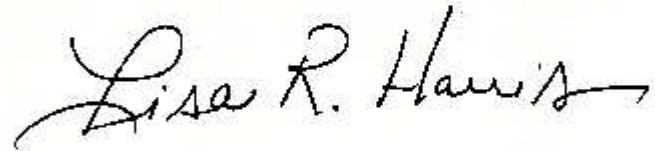
A handwritten signature in black ink, appearing to read 'S. Wilson', written over a horizontal line.

Steven D. Wilson, Esq.
Harris Beach PLLC
Attorneys for LIWC and LIAW

Dated: November 28, 2011

The foregoing Joint Proposal in Case 11-W-0200 is Adopted and Agreed to by:

By: DOS Division of Consumer Protection

A handwritten signature in black ink that reads "Lisa R. Harris". The signature is written in a cursive style with a long horizontal flourish at the end.

Lisa R. Harris, Esq.

Division Director

Date: November 28, 2011

Appendix A

Long Island American Water
Statement of Operating Income
For the Rate Year Ending March 31, 2013

	Per Company As Initially Filed	Adj. No.	Joint Proposal Adjustments	Rate Year 1 As Adjusted	Rate Year 1 Revenue Requirement Adjustment	Rate Year 1 As Adjusted Revenue Requirement
<u>Operating Revenues</u>						
Water Sales	\$ 48,871,673		\$ -	\$ 48,871,673	\$ 2,945,886	\$ 51,817,559
Other Revenue	191,486		-	191,486	9,332	200,818
Total Operating Revenues	49,063,159		-	49,063,159	2,955,218	52,018,377
O & M Expenses (from page 2)	23,943,730	1	(1,632,506)	22,311,224	25,175	22,336,399
Depreciation Expense	4,373,069	2	(261,519)	4,111,550	-	4,111,550
<u>Taxes Other Than Income Taxes</u>						
Property Taxes	14,365,278	3	(2,471,864)	11,893,414	-	11,893,414
Payroll Taxes	538,791	4	(36,507)	502,284	-	502,284
Other Taxes	-		-	-	-	-
Total Taxes Other Than Income Taxes	14,904,069		(2,508,371)	12,395,698	-	12,395,698
Total Operating Revenue Deductions	43,220,868		(4,402,396)	38,818,472	25,175	38,843,647
Net Operating Income Before SIT	5,842,291		4,402,396	10,244,687	2,930,043	13,174,730
State Income Tax Expense	129,790	5	364,573	494,363	252,863	747,226
Net Operating Income Before FIT	5,712,501		4,037,823	9,750,324	2,677,180	12,427,504
Federal Income Tax Expense	766,848	6	1,198,789	1,965,637	910,241	2,875,878
Net Income Available for Return	\$ 4,945,653		\$ 2,839,034	\$ 7,784,687	\$ 1,766,939	\$ 9,551,626
Rate Base	\$ 126,945,552	7	\$ 1,935,614	\$ 128,881,166	\$ 827	\$ 128,881,993
Rate of Return	3.90%			6.04%		7.41%

Long Island American Water
Schedule of Operating and Maintenance Expenses
For the Rate Year Ending March 31, 2013

<u>Operating & Maintenance Expenses</u>	Per Company As Initially Filed	Adj. No. 1	Joint Proposal Adjustments	Rate Year 1 As Adjusted	Rate Year 1 Revenue Requirement Adjustment	Rate Year 1 As Adjusted Revenue Requirement
Payroll	\$ 7,033,860	a	\$ (477,211)	\$ 6,556,649	\$ -	\$ 6,556,649
Productivity Adjustment	(100,619)	b	6,581	(94,038)	-	(94,038)
Purchased Power	2,396,573	c	18,976	2,415,549	-	2,415,549
Fuel	432,344	d	2,056	434,400	-	434,400
Chemicals	1,101,987	e	1,288	1,103,275	-	1,103,275
Invoices	2,566,311	f	(64,991)	2,501,320	-	2,501,320
Leased Vehicles	565,426	g	(94,288)	471,138	-	471,138
Service Company	5,374,394	h	(668,372)	4,706,022	-	4,706,022
Postage	333,023		-	333,023	-	333,023
Rents	16,826		-	16,826	-	16,826
Group Insurance	866,875	i	-	866,875	-	866,875
OPEBs	498,777	j	2,343	501,120	-	501,120
Pension	884,674	k	4,156	888,830	-	888,830
401k Expense	132,786	l	(6,484)	126,302	-	126,302
Deferred Contribution Plan	96,315	m	(7,410)	88,905	-	88,905
Insurance Other Than Group	800,189	n	2,971	803,160	-	803,160
Uncollectible Accounts	307,892		-	307,892	18,559	326,451
PSC Assessment	117,312		-	117,312	6,616	123,928
Employee Stock Purchase Plan	3,163	o	(3,163)	-	-	-
Retiree Medical	6,642		-	6,642	-	6,642
Customer Outreach and Education Program	84,821	p	1,263	86,084	-	86,084
Amort. of Deferred Rate Case costs	233,333	q	(156,000)	77,333	-	77,333
Amort. of Deferred Tank Painting costs	32,884		-	32,884	-	32,884
Amort. of Deferred Pension/OPEB expense	-		-	-	-	-
Amortization of Actuarial Studies	96,444	r	(96,444)	-	-	-
Audit Fees	61,498		-	61,498	-	61,498
Actuarial Fees	-	s	36,000	36,000	-	36,000
Synergy Savings	-	t	(133,777)	(133,777)	-	(133,777)
Total O & M Expenses	\$ 23,943,730		\$ (1,632,506)	\$ 22,311,224	\$ 25,175	\$ 22,336,399

Long Island American Water
Calculation of State Income Tax Expense
For the Rate Year Ending March 31, 2013

	Per Company As Initially Filed	Adj. No. 5	Joint Proposal Adjustments	Rate Year 1 As Adjusted	Rate Year 1 Revenue Requirement Adjustment	Rate Year 1 As Adjusted Revenue Requirement
Net Operating Income Before SIT	\$ 5,842,291	a	\$ 4,402,396	\$ 10,244,687	\$ 2,930,043	\$ 13,174,730
<u>Additions/Deductions</u>						
Interest Expense	(4,278,065)	b	(238,195)	(4,516,260)	-	(4,516,260)
Depreciation Differences	(705,249)		-	(705,249)	-	(705,249)
Amortization of Rate Case	-		-	-	-	-
Amortization of Tank Painting	-		-	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	-		-	-	-	-
Reduction to Taxable Income for Repairs Expense	(422,944)	c	(671,682)	(1,094,626)	-	(1,094,626)
Excess Deferred SIT	-		-	-	-	-
Total Adjustments for SIT	(5,406,258)		(909,877)	(6,316,135)	-	(6,316,135)
Taxable Income for SIT	436,033		3,492,519	3,928,552	2,930,043	6,858,595
Current SIT Expense @ 7.1%	30,958	d	247,969	278,927	208,033	486,960
MTA Surcharge on SIT @ (9% of 17%)	6,671	e	53,436	60,107	44,830	104,937
Current SIT w/ MTA Surcharge	37,630		301,404	339,034	252,863	591,897
<u>Deferred SIT Expense</u>						
Depreciation Differences	60,863		-	60,863	-	60,863
Amortization of Rate Case	20,137	f	(20,137)	-	-	-
Amortization of Tank Painting	2,838	f	(2,838)	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	8,323	f	(8,323)	-	-	-
Reduction to Taxable Income for Repairs Expense	-	g	94,466	94,466	-	94,466
Excess Deferred SIT	-		-	-	-	-
Deferred SIT Expense	92,161		63,169	155,329	-	155,329
Total State Income Tax Expense	\$ 129,790		\$ 364,573	\$ 494,363	\$ 252,863	\$ 747,226

Long Island American Water
Calculation of Federal Income Tax Expense
For the Rate Year Ending March 31, 2013

	Per Company As Initially Filed	Adj. No. 6	Joint Proposal Adjustments	Rate Year 1 As Adjusted	Rate Year 1 Revenue Requirement Adjustment	Rate Year 1 As Adjusted Revenue Requirement
Net Operating Income Before FIT	\$ 5,712,501	a	\$ 4,037,823	\$ 9,750,324	\$ 2,677,180	\$ 12,427,504
<u>Additions/Deductions</u>						
Deferred State Income Tax	92,161	b	63,169	155,329	-	155,329
Interest Expense	(4,278,065)	c	(238,195)	(4,516,260)	-	(4,516,260)
Depreciation Differences	(4,983,026)		-	(4,983,026)	-	(4,983,026)
Amortization of Rate Case	-		-	-	-	-
Amortization of Tank Painting	-		-	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	-		-	-	-	-
Reduction to Taxable Income for Repairs Expense	(422,944)	d	(671,682)	(1,094,626)	-	(1,094,626)
Excess Deferred FIT	-		-	-	-	-
Total Adjustments for FIT	(9,591,874)		(846,708)	(10,438,583)	-	(10,438,583)
Taxable Income for FIT	(3,879,374)		3,191,115	(688,259)	2,677,180	1,988,921
Current FIT Expense @ 34%	(1,318,987)	e	1,084,979	(234,008)	910,241	676,233
<u>Deferred FIT Expense</u>						
Deferred State Income Tax	(31,335)	f	(21,477)	(52,812)	-	(52,812)
Depreciation Differences	1,694,229		-	1,694,229	-	1,694,229
Amortization of Flow Through Tax Depr	324,519	g	(113,581)	210,938	-	210,938
Amortization of Rate Case	79,333	h	(79,333)	-	-	-
Amortization of Tank Painting	11,181	h	(11,181)	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	32,791	h	(32,791)	-	-	-
Reduction to Taxable Income for Repairs Expense	-	i	372,173	372,173	-	372,173
Excess Deferred FIT	(9,883)		-	(9,883)	-	(9,883)
Deferred FIT Expense	2,100,835		113,810	2,214,645	-	2,214,645
Amortization of ITC	(15,000)		-	(15,000)	-	(15,000)
Total Federal Income Tax Expense	\$ 766,848		\$ 1,198,789	\$ 1,965,637	\$ 910,241	\$ 2,875,878

**Long Island American Water
Rate Base Summary
For the Rate Year Ending March 31, 2013**

	Per Company As Initially Filed	Adj. No. 7	Joint Proposal Adjustments	Rate Year 1 As Adjusted	Rate Year 1 Revenue Requirement Adjustment	Rate Year 1 As Adjusted Revenue Requirement
<u>Net Utility Plant</u>						
Water Plant in Service	\$ 194,615,892	a	\$ (520,000)	\$ 194,095,892	-	\$ 194,095,892
Non-Interest Bearing CWIP	262,553		-	262,553	-	262,553
Plant Held For Future Use	110,933		-	110,933	-	110,933
Less Accumulated Depreciation	(52,188,969)	b	64,115	(52,124,854)	-	(52,124,854)
Total Net Utility Plant	142,800,409		(455,885)	142,344,524	-	142,344,524
Customer Advances for Construction	(65,427)		-	(65,427)	-	(65,427)
<u>Working Capital</u>						
Cash Allowance	2,886,976	c	(150,337)	2,736,639	827	2,737,466
Materials and Supplies	617,481	d	4,889	622,370	-	622,370
Prepayments	1,562,789	e	636	1,563,425	-	1,563,425
Total Working Capital	5,067,246		(144,812)	4,922,434	827	4,923,261
<u>Regulatory Deferrals</u>						
Tank Painting (net of tax)	148,729		-	148,729	-	148,729
Rate Case Expense (net of tax)	231,166	f	(99,692)	131,474	-	131,474
Deferred Pensions/OPEB expense	-		-	-	-	-
Pension Actuarial Study (net of tax)	145,400	g	(145,400)	-	-	-
Total Regulatory Deferrals	525,295		(245,092)	280,203	-	280,203
Accumulated Deferred Income Taxes	(20,181,145)	h	3,587,839	(16,593,306)	-	(16,593,306)
Earnings Base Capitalization Adj.	(1,200,826)	i	(806,436)	(2,007,262)	-	(2,007,262)
Total Rate Base	\$ 126,945,552		\$ 1,935,614	\$ 128,881,166	\$ 827	\$ 128,881,993

Long Island American Water
Summary of Cash Working Capital Allowance
For the Rate Year Ending March 31, 2013

	Per Company As Initially Filed	Joint Proposal Adjustments	Rate Year 1 As Adjusted	Rate Year 1 Revenue Requirement Adjustment	Rate Year 1 As Adjusted Revenue Requirement
Total O & M Expenses	\$ 23,826,418	\$ (1,515,194)	\$ 22,311,224	\$ 25,175	\$ 22,336,399
<u>Adjustments:</u>					
Uncollectible Accounts Expense	(367,949)	60,057	(307,892)	(18,559)	(326,451)
Amort. of Deferred Rate Case costs	(233,333)	156,000	(77,333)	-	(77,333)
Amort. of Deferred Tank Painting costs	(32,884)	-	(32,884)	-	(32,884)
Amort. of Deferred Pension/OPEB exp	-	-	-	-	-
Amort. of Pension Actuarial Study	(96,444)	96,444	-	-	-
Total Adjustments	(730,610)	312,501	(418,109)	(18,559)	(436,668)
Sub-total for Cash W/C allowance	23,095,808	(1,202,693)	21,893,115	6,616	21,899,731
Weighted Billing factor - 1/8 (45 days)	12.50%	12.50%	12.50%	12.50%	12.50%
Total Cash W/C Allowance	\$ 2,886,976	\$ (150,337)	\$ 2,736,639	\$ 827	\$ 2,737,466

Long Island American Water
Cost of Capital
For the Rate Year Ending March 31, 2013

	<u>Percent</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Pre-Tax Return</u>
Long-Term Debt	57.11%	5.81%	3.318%	3.318%
Preferred Stock	0.89%	4.50%	0.040%	0.067%
Common Equity	42.00%	9.65%	4.053%	6.757%
Totals	<u>100.00%</u>		<u>7.41%</u>	<u>10.14%</u>

Long Island American Water
 Computation of Revenue Requirement
 For the Rate Year Ending March 31, 2013

	Rate Year 1 Per JP
Average Rate Base	\$ 128,881,993
Rate of Return on Rate Base	7.41%
Required Net Income	<u>9,551,626</u>
Net Income before Revenue Requirement	7,784,687
Earnings Deficiency	<u>1,766,939</u>
Retention Factor	59.98%
Revenue Increase	<u><u>\$ 2,945,886</u></u>

<u>Calculation of Retention ("Gross-Up") Factor:</u>	<u>Percentages</u>	Rate Year 1 Revenue Requirement
Sales Revenues	100.00%	\$ 2,945,886
Late Payment Charges	0.32%	9,332
PSC Assessment	0.22%	6,616
Uncollectible Accounts Expense	0.63%	18,559
Retention Factor before Income Taxes	<u>99.46%</u>	<u>2,930,043</u>
SIT Expense @7.1% plus (9% times 17%) MTA Surcharge on SIT	8.58%	252,863
FIT Expense @ 34%	30.90%	910,242
Retention Factor	<u><u>59.98%</u></u>	<u><u>\$ 1,766,939</u></u>

Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2013

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
1	<u>Operating & Maintenance Expenses</u>		
a.	<u>Payroll</u>		
	1) To reflect the removal of three vacant union employee positions	Leung / Water Rates	\$ (211,353)
	Adjust to allow one union employee	JP	55,978
	Correction for error of Supervisor Field Operations	JP	33,632
	2) To reflect payroll adjusted for general inflation	Leung	(187,367)
	Corrections to reflect 2012 wage increase and update to 2012 general inflation	Correction	61,002
	3) To reflect HTY overtime (OT) adjusted for general inflation	Leung	(121,031)
	Corrections to reflect update to 2012 general inflation	Correction	(568)
	4) To remove incentive compensation	Leung	(260,010)
	5) To adjust payroll with HTY capitalized payroll percentage	Leung	162,530
	Tracks corrections to payroll	Correction	(10,024)
	Total Adjustments to Payroll		\$ (477,211)
b.	<u>Productivity Adjustment</u>		
	Tracking Staff's adjustments to payroll	Leung	6,734
	Tracks corrections to payroll	Correction	366
	Adjust to allow one union employee	JP	(519)
	Total Adjustments to Productivity		6,581
c.	<u>Purchased Power</u>		
	Adjusted for inflation	JP	18,976
d.	<u>Fuel</u>		
	Adjusted for inflation	JP	2,056
e.	<u>Chemicals</u>		
	Adjusted for inflation	JP	1,288
f.	<u>Invoices</u>		
	To reflect Staff's adjustments to invoices expense	Bailey	(183,231)
	To allow inflation on invoices	JP	70,000
	Adjust to allow the public relation employee	JP	48,240
	Total Adjustments to Invoices		(64,991)

Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2013

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
1	<u>Operating & Maintenance Expenses</u>		
g.	<u>Leased Vehicles</u>		
	To reflect Staff's adjustments to leased vehicles expense	Simpson	(136,777)
	Adjust fuel to reflect 3 yr avg of consumptions @\$3.861 per gallon	JP	42,489
	Total Adjustments to Leased Vehicles		<u>(94,288)</u>
h.	<u>Service Company Expense</u>		
	To reflect Staff's adjustments to service company expense	Bailey	(940,929)
	Modify Staff's normalization adjustment based on company's rebuttal testimony	JP	272,557
	Total Adjustments to Service Company Expense		<u>(668,372)</u>
i.	<u>Group Insurance</u>		
	Correction to reflect latest known cost rates + inflation and limit health insurance to 89 employees	Correction	(92,660)
	Update to reflect 2011 cost rates	JP	92,660
	Total Adjustments to Group Insurance		<u>-</u>
j.	<u>Post-Retirement Other than Pensions (OPEBs)</u>		
	To adjust OPEBs expense with HTY capitalized payroll percentage	Bailey	2,343
k.	<u>Pension Expense</u>		
	To adjust pension expense with HTY capitalized payroll percentage	Bailey	4,156
l.	<u>401(k) Plan Expense</u>		
	Tracking Staff's adjustments to payroll	Leung	(9,853)
	Tracks corrections to payroll	Correction	1,130
	Adjust to allow one union employee	JP	2,239
	Total Adjustments to 401(k) Expense		<u>(6,484)</u>
m.	<u>Defined Contribution Plan (DCP)</u>		
	Tracking Staff's adjustments to payroll	Leung	(11,042)
	Tracks corrections to payroll	Correction	693
	Adjust to allow one union employee	JP	2,939
	Total Adjustments to DCP Expense		<u>(7,410)</u>

Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2013

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
1	<u>Operating & Maintenance Expenses</u>		
n.	<u>Insurance Other Than Group</u> Adjusted for inflation	JP	2,971
o.	<u>Employee Stock Purchase Plan (ESPP)</u> To remove ESPP costs from operating expense	Leung	(3,163)
p.	<u>Customer Outreach and Education Program</u> Adjusted for inflation	JP	1,263
q.	<u>Amortization of Deferred Rate Case Expense</u> To adjust the forecast of rate case expense amortized over three years Adjust to allow \$30,000 total for rev req panel and \$15,000 for King Total Adjustments to Rate Case Expense	Simpson JP	(171,000) 15,000 <hr style="width: 50%; margin-left: auto; margin-right: 0;"/> (156,000)
r.	<u>Amortization of Actuarial Studies</u> To disallow the amortization of expense to perform stand-alone pension and OPEB	Bailey	(96,444)
s.	<u>Actuarial Fees</u> To allow actuarial fees to calculate pension and OPEBs on a stand alone basis	JP	36,000
t.	<u>Synergy Savings</u> To reflect company's estimate of rate year 1 synergy savings	JP	(133,777)
Total Adjustments to Operating & Maintenance Expense			<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> <hr style="width: 50%; margin-left: auto; margin-right: 0;"/> (1,632,506)

Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2013

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
2	<u>Depreciation Expense</u> To reflect Staff's adjustments to book depreciation expense Correction to reflect actual depreciation expense Total Adjustments to Depreciation Expense	Water Rates JP	(6,419) (255,100) <u>(261,519)</u>
3	<u>Taxes Other Than Income Taxes</u> <u>Property Taxes</u> To adjust property tax forecast to reflect latest known amounts plus inflation Tracks update to school property taxes Total Adjustments to Depreciation Expense	Bailey JP	(3,504,649) 1,032,785 <u>(2,471,864)</u>
4	<u>Payroll Taxes</u> Tracking Staff's adjustments to payroll Tracks corrections to payroll Track adjustments to payroll	Leung Correction JP	(38,638) 3,884 (1,753) <u>(36,507)</u>
	Total Adjustments to Taxes Other Than Income Taxes		<u><u>(2,508,371)</u></u>

Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2013

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
5	<u>State Income Taxes</u>		
a.	<u>Net Operating Income before SIT</u> To reflect Staff's adjustments to operating revenues and expenses		\$ 4,402,396
	<u>Adjustments to Taxable Income</u>		
b.	<u>Interest Expense</u> To reflect Staff's calculation of interest expense including interest on IBCWIP	Leung	(238,195)
c.	<u>Reduction to Taxable Income for Repairs Expense</u> To reflect LIAW's correction to the repairs expense deduction	Leung	(671,682)
	Total Adjustments to Taxable Income - SIT		(909,877)
d.	<u>State Income Tax</u> To reflect state income tax expense at the current rate of 7.1%		247,969
e.	<u>MTA Tax Surcharge</u> To reflect MTA tax surcharge at the current rate of 17%		53,436
	<u>Deferred State Incomes Taxes</u>		
f.	<u>Removal of Deferred SIT for Rate Case, Tank Painting and Pension Study</u> To remove deferred SIT from items that are not supported by tax deductions	Leung	(31,298)
g.	<u>Amortization of Deferred Repairs Expense Deduction</u> To correct omission of deferred SIT on repairs expense deduction	Leung	94,466
	Total Deferred SIT		63,169

Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2013

<u>Adj. No.</u>		<u>Witness</u>	<u>Amount</u>
6	<u>Federal Income Taxes</u>		
a.	<u>Net Operating Income before FIT</u> To reflect Staff's adjustments made to operating revenues and expenses		\$ 4,037,823
	<u>Adjustments to Taxable Income</u>		
b.	<u>Deferred State Income Tax</u> Tracking Staff's deferred state income tax calculation		63,169
c.	<u>Interest Expense</u> To reflect Staff's calculation of interest expense including interest on IBCWIP	Leung	(238,195)
d.	<u>Reduction to Taxable Income for Repairs Expense</u> To reflect LIAW's correction to the repairs expense deduction	Leung	(671,682)
	Total Adjustments to Taxable Income - FIT		<u>(846,708)</u>
e.	<u>Federal Income Tax</u> To reflect federal income taxes at the current 34% tax rate		<u>1,084,979</u>
	<u>Deferred Federal Incomes Taxes</u>		
f.	<u>Deferred State Income Taxes</u> Tracking Staff's adjustment of deferred SIT		(21,477)
g.	<u>Amortization of Flow-Through Tax Depreciation</u> To correct deferred FIT on the amortization of flow-through tax depreciation	Leung	(113,581)
h.	<u>Removal of Deferred FIT for Rate Case, Tank Painting and Pension Study</u> To remove deferred FIT from items that are not supported by tax deductions	Leung	(123,305)
i.	<u>Amortization of Deferred Repairs Expense Deduction</u> To correct omission of deferred FIT on repairs expense deduction	Leung	372,173
	Total Deferred FIT		<u>113,810</u>

**Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2013**

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
7	<u>Rate Base</u>		
a.	<u>Water Plant In Service</u> To reflect Staff's correction to Water Plant in Service based on IR-171, MVH-15	Water Rates	\$ (520,000)
b.	<u>Accumulated Provision for Depreciation</u> Tracking Staff's plant in service adjustments Tracks update to Water Plant in Service Total Adjustments to Depreciation Expense	Water Rates JP	5,070 59,045 <hr/> 64,115
c.	<u>Working Capital</u> <u>Cash Allowance</u> Tracking the Staff's adjustments to O & M expenses		 (150,337)
d.	<u>Materials and Supplies</u> Adjusted for inflation	JP	4,889
e.	<u>Prepayments</u> Adjusted for inflation Total Adjustments to Working Capital	JP	 636 <hr/> (144,812)
f.	<u>Regulatory Deferrals</u> <u>Deferred Rate Case Expense</u> Tracking Staff's recommended rate year amortization Adjust to reflect total rate case allowance of \$232,000 Total Adjustments to Deferred Rate Case Exp.	Simpson JP	(137,192) 37,500 <hr/> (99,692)
g.	<u>Deferred Pension Actuarial Study</u> Tracking Staff's recommended rate year amortization Total Adjustments to Regulatory Deferrals	Bailey	 (145,400) <hr/> (245,092)

**Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2013**

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
7	Rate Base		
h.	<u>Accumulated Deferred Income Taxes (ADIT)</u>		
	Tracking Staff's correction to Water Plant in Service based on IR-171, MVH-15	Leung / Water Rates	524,546
	Corrections to reflect RY impact of HTY differences	Correction	2,908,546
	Tracks update to Water Plant in Service	JP	154,747
	Total Adjustments to Accumulated Deferred Income Taxes		3,587,839
i.	<u>Earnings Base vs. Capitalization Adjustment (EBCap)</u>		
	1) To reflect Staff's adjustment to capitalization	Leung	(458,006)
	2) To reflect Staff's corrections to HTY accumulated deferred income taxes	Leung	(2,908,546)
	Correction to ADIT to reflect HTY balance instead of RY balance	Correction	2,560,116
	Total Adjustments to EBCap		(806,436)
	Total Adjustments to Rate Base		1,935,614

Long Island American Water
Statement of Operating Income
For the Rate Year Ending March 31, 2014

	Rate Year 1 Revenue Requirement	Adj. No.	Joint Proposal Adjustments	Rate Year 2 As Adjusted	Rate Year 2 Revenue Requirement Adjustment	Rate Year 2 As Adjusted Revenue Requirement
<u>Operating Revenues</u>						
Water Sales	\$ 51,817,559		\$ -	\$ 51,817,559	\$ 1,371,481	\$ 53,189,040
Other Revenue	200,818		-	200,818	4,345	205,163
Total Operating Revenues	52,018,377		-	52,018,377	1,375,826	53,394,203
O & M Expenses (from page 2)	22,336,399	1	162,697	22,499,096	11,720	22,510,816
Depreciation Expense	4,111,550	2	333,303	4,444,853	-	4,444,853
<u>Taxes Other Than Income Taxes</u>						
Property Taxes	11,893,414	3	239,058	12,132,472	-	12,132,472
Payroll Taxes	502,284	4	10,082	512,366	-	512,366
Other Taxes	-		-	-	-	-
Total Taxes Other Than Income Taxes	12,395,698		249,139	12,644,838	-	12,644,838
Total Operating Revenue Deductions	38,843,647		745,140	39,588,787	11,720	39,600,507
Net Operating Income Before SIT	13,174,730		(745,140)	12,429,590	1,364,106	13,793,696
State Income Tax Expense	747,226	5	(81,846)	665,380	117,722	783,102
Net Operating Income Before FIT	12,427,504		(663,293)	11,764,211	1,246,384	13,010,594
Federal Income Tax Expense	2,875,878	6	(294,626)	2,581,252	423,771	3,005,023
Net Income Available for Return	\$ 9,551,626		\$ (368,667)	\$ 9,182,959	\$ 822,613	\$ 10,005,572
Rate Base	\$ 128,881,993	7	\$ 6,124,795	\$ 135,006,788	\$ 385	\$ 135,007,173
Rate of Return	7.41%			6.80%		7.41%

Long Island American Water
Schedule of Operating and Maintenance Expenses
For the Rate Year Ending March 31, 2014

<u>Operating & Maintenance Expenses</u>	Rate Year 1 Revenue Requirement	Adj. No. 1	Joint Proposal Adjustments	Rate Year 2 As Adjusted	Rate Year 2 Revenue Requirement Adjustment	Rate Year 2 As Adjusted Revenue Requirement
Payroll	\$ 6,556,649	a	\$ 131,789	\$ 6,688,438	\$ -	\$ 6,688,438
Productivity Adjustment	(94,038)	b	(1,638)	(95,676)	-	(95,676)
Purchased Power	2,415,549	c	48,553	2,464,102	-	2,464,102
Fuel	434,400	d	8,731	443,131	-	443,131
Chemicals	1,103,275	e	22,176	1,125,451	-	1,125,451
Invoices	2,501,320	f	50,277	2,551,597	-	2,551,597
Leased Vehicles	471,138	g	9,470	480,608	-	480,608
Service Company	4,706,022	h	94,591	4,800,613	-	4,800,613
Postage	333,023	i	6,694	339,717	-	339,717
Rents	16,826	j	338	17,164	-	17,164
Group Insurance	866,875	k	17,424	884,299	-	884,299
OPEBs	501,120		-	501,120	-	501,120
Pension	888,830		-	888,830	-	888,830
401k Expense	126,302	l	2,539	128,841	-	128,841
Deferred Contribution Plan	88,905	m	1,787	90,692	-	90,692
Insurance Other Than Group	803,160	n	16,144	819,304	-	819,304
Uncollectible Accounts	326,451		-	326,451	8,640	335,091
PSC Assessment	123,928		-	123,928	3,080	127,008
Employee Stock Purchase Plan	-		-	-	-	-
Retiree Medical	6,642	o	134	6,776	-	6,776
Customer Outreach and Education Program	86,084	p	1,730	87,814	-	87,814
Amort. of Deferred Rate Case costs	77,333		-	77,333	-	77,333
Amort. of Deferred Tank Painting costs	32,884		-	32,884	-	32,884
Amort. of Deferred Pension/OPEB expense	-		-	-	-	-
Amortization of Actuarial Studies	-		-	-	-	-
Audit Fees	61,498	q	1,236	62,734	-	62,734
Actuarial Fees	36,000	r	724	36,724	-	36,724
Synergy Savings	(133,777)	s	(250,000)	(383,777)	-	(383,777)
Total O & M Expenses	\$ 22,336,399		\$ 162,697	\$ 22,499,096	\$ 11,720	\$ 22,510,816

Long Island American Water
Calculation of State Income Tax Expense
For the Rate Year Ending March 31, 2014

	Rate Year 1 Revenue Requirement	Adj. No. 5	Joint Proposal Adjustments	Rate Year 2 As Adjusted	Rate Year 2 Revenue Requirement Adjustment	Rate Year 2 As Adjusted Revenue Requirement
Net Operating Income Before SIT	\$ 13,174,730	a	\$ (745,140)	\$ 12,429,590	\$ 1,364,106	\$ 13,793,696
<u>Additions/Deductions</u>						
Interest Expense	(4,516,260)	b	(203,254)	(4,719,514)	-	(4,719,514)
Depreciation Differences	(705,249)		-	(705,249)	-	(705,249)
Amortization of Rate Case	-		-	-	-	-
Amortization of Tank Painting	-		-	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	-		-	-	-	-
Reduction to Taxable Income for Repairs Expense	(1,094,626)		-	(1,094,626)	-	(1,094,626)
Excess Deferred SIT	-		-	-	-	-
Total Adjustments for SIT	(6,316,135)		(203,254)	(6,519,389)	-	(6,519,389)
Taxable Income for SIT	6,858,595		(948,393)	5,910,202	1,364,106	7,274,308
Current SIT Expense @ 7.1%	486,960	c	(67,336)	419,624	96,852	516,476
MTA Surcharge on SIT @ (9% of 17%)	104,937	d	(14,510)	90,426	20,871	111,297
Current SIT w/ MTA Surcharge	591,897		(81,846)	510,050	117,722	627,773
<u>Deferred SIT Expense</u>						
Depreciation Differences	60,863		-	60,863	-	60,863
Amortization of Rate Case	-		-	-	-	-
Amortization of Tank Painting	-		-	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	-		-	-	-	-
Reduction to Taxable Income for Repairs Expense	94,466		-	94,466	-	94,466
Excess Deferred SIT	-		-	-	-	-
Deferred SIT Expense	155,329		-	155,329	-	155,329
Total State Income Tax Expense	\$ 747,226		\$ (81,846)	\$ 665,380	\$ 117,722	\$ 783,102

Long Island American Water
Calculation of Federal Income Tax Expense
For the Rate Year Ending March 31, 2014

	Rate Year 1 Revenue Requirement	Adj. No. 6	Joint Proposal Adjustments	Rate Year 2 As Adjusted	Rate Year 2 Revenue Requirement Adjustment	Rate Year 2 As Adjusted Revenue Requirement
Net Operating Income Before FIT	\$ 12,427,504	a	\$ (663,293)	\$ 11,764,211	\$ 1,246,384	\$ 13,010,594
<u>Additions/Deductions</u>						
Deferred State Income Tax	155,329		-	155,329	-	155,329
Interest Expense	(4,516,260)	b	(203,254)	(4,719,514)	-	(4,719,514)
Depreciation Differences	(4,983,026)		-	(4,983,026)	-	(4,983,026)
Amortization of Rate Case	-		-	-	-	-
Amortization of Tank Painting	-		-	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	-		-	-	-	-
Reduction to Taxable Income for Repairs Expense	(1,094,626)		-	(1,094,626)	-	(1,094,626)
Excess Deferred FIT	-		-	-	-	-
Total Adjustments for FIT	(10,438,583)		(203,254)	(10,641,836)	-	(10,641,836)
Taxable Income for FIT	1,988,921		(866,547)	1,122,374	1,246,384	2,368,758
Current FIT Expense @ 34%	676,233	c	(294,626)	381,607	423,771	805,378
<u>Deferred FIT Expense</u>						
Deferred State Income Tax	(52,812)		-	(52,812)	-	(52,812)
Depreciation Differences	1,694,229		-	1,694,229	-	1,694,229
Amortization of Flow Through Tax Depr	210,938		-	210,938	-	210,938
Amortization of Rate Case	-		-	-	-	-
Amortization of Tank Painting	-		-	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	-		-	-	-	-
Reduction to Taxable Income for Repairs Expense	372,173		-	372,173	-	372,173
Excess Deferred FIT	(9,883)		-	(9,883)	-	(9,883)
Deferred FIT Expense	2,214,645		-	2,214,645	-	2,214,645
Amortization of ITC	(15,000)		-	(15,000)	-	(15,000)
Total Federal Income Tax Expense	\$ 2,875,878		\$ (294,626)	\$ 2,581,252	\$ 423,771	\$ 3,005,023

**Long Island American Water
Rate Base Summary
For the Rate Year Ending March 31, 2014**

	Rate Year 1 Revenue Requirement	Adj. No. 7	Joint Proposal Adjustments	Rate Year 2 As Adjusted	Rate Year 2 Revenue Requirement Adjustment	Rate Year 2 As Adjusted Revenue Requirement
Net Utility Plant						
Water Plant in Service	\$ 194,095,892	a	\$ 10,715,367	\$ 204,811,259	\$ -	\$ 204,811,259
Non-Interest Bearing CWIP	262,553		-	262,553	-	262,553
Plant Held For Future Use	110,933		-	110,933	-	110,933
Less Accumulated Depreciation	(52,124,854)	b	(3,932,201)	(56,057,055)	-	(56,057,055)
Total Net Utility Plant	142,344,524		6,783,166	149,127,690	-	149,127,690
Customer Advances for Construction	(65,427)		-	(65,427)	-	(65,427)
Working Capital						
Cash Allowance	2,737,466	c	20,337	2,757,803	385	2,758,188
Materials and Supplies	622,370	d	12,510	634,880	-	634,880
Prepayments	1,563,425	e	31,425	1,594,850	-	1,594,850
Total Working Capital	4,923,261		64,272	4,987,533	385	4,987,918
Regulatory Deferrals						
Tank Painting (net of tax)	148,729	f	(19,840)	128,889	-	128,889
Rate Case Expense (net of tax)	131,474	g	(61,526)	69,948	-	69,948
Deferred Pensions/OPEB expense	-		-	-	-	-
Pension Actuarial Study (net of tax)	-		-	-	-	-
Total Regulatory Deferrals	280,203		(81,366)	198,837	-	198,837
Accumulated Deferred Income Taxes	(16,593,306)	h	(641,277)	(17,234,583)	-	(17,234,583)
Earnings Base Capitalization Adj.	(2,007,262)		-	(2,007,262)	-	(2,007,262)
Total Rate Base	\$ 128,881,993		\$ 6,124,795	\$ 135,006,788	\$ 385	\$ 135,007,173

Long Island American Water
Summary of Cash Working Capital Allowance
For the Rate Year Ending March 31, 2014

	Rate Year 1 Revenue Requirement	Joint Proposal Adjustments	Rate Year 2 As Adjusted	Rate Year 2 Revenue Requirement Adjustment	Rate Year 2 As Adjusted Revenue Requirement
Total O & M Expenses	\$ 22,336,399	\$ 162,697	\$ 22,499,096	\$ 11,720	\$ 22,510,816
<u>Adjustments:</u>					
Uncollectible Accounts Expense	(326,451)	-	(326,451)	(8,640)	(335,091)
Amort. of Deferred Rate Case costs	(77,333)	-	(77,333)	-	(77,333)
Amort. of Deferred Tank Painting costs	(32,884)	-	(32,884)	-	(32,884)
Amort. of Deferred Pension/OPEB exp	-	-	-	-	-
Amort. of Pension Actuarial Study	-	-	-	-	-
Total Adjustments	(436,668)	-	(436,668)	(8,640)	(445,308)
Sub-total for Cash W/C allowance	21,899,731	162,697	22,062,428	3,080	22,065,508
Weighted Billing factor - 1/8 (45 days)	12.50%	12.50%	12.50%	12.50%	12.50%
Total Cash W/C Allowance	\$ 2,737,466	\$ 20,337	\$ 2,757,803	\$ 385	\$ 2,758,188

Long Island American Water
Cost of Capital
For the Rate Year Ending March 31, 2014

	<u>Percent</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Pre-Tax Return</u>
Long-Term Debt	57.11%	5.81%	3.318%	3.318%
Preferred Stock	0.89%	4.50%	0.040%	0.067%
Common Equity	42.00%	9.65%	4.053%	6.757%
Totals	<u>100.00%</u>		<u>7.41%</u>	<u>10.14%</u>

Long Island American Water
 Computation of Revenue Requirement
 For the Rate Year Ending March 31, 2014

	Rate Year 2 Per JP
Average Rate Base	\$ 135,007,173
Rate of Return on Rate Base	7.41%
Required Net Income	10,005,572
Net Income before Revenue Requirement	9,182,959
Earnings Deficiency	822,613
Retention Factor	59.98%
Revenue Increase	<u>\$ 1,371,481</u>

<u>Calculation of Retention ("Gross-Up") Factor:</u>	<u>Percentages</u>	<u>Rate Year 2 Revenue Requirement</u>
Sales Revenues	100.00%	\$ 1,371,481
Late Payment Charges	0.32%	4,345
PSC Assessment	0.22%	3,080
Uncollectible Accounts Expense	0.63%	8,640
Retention Factor before Income Taxes	<u>99.46%</u>	<u>1,364,106</u>
SIT Expense @7.1% plus (9% times 17%) MTA Surcharge on SIT	8.58%	117,722
FIT Expense @ 34%	30.90%	423,770
Retention Factor	<u>59.98%</u>	<u>\$ 822,613</u>

Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2014

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
1	<u>Operating & Maintenance Expenses</u>		
a.	<u>Payroll</u> Adjusted for inflation in rate year 2014	JP	\$ 131,789
b.	<u>Productivity Adjustment</u> Tracks changes related to inflation	JP	(1,638)
c.	<u>Purchased Power</u> Adjusted for inflation in rate year 2014	JP	48,553
d.	<u>Fuel</u> Adjusted for inflation in rate year 2014	JP	8,731
e.	<u>Chemicals</u> Adjusted for inflation in rate year 2014	JP	22,176
f.	<u>Invoices</u> Adjusted for inflation in rate year 2014	JP	50,277
g.	<u>Leased Vehicles</u> Adjusted for inflation in rate year 2014	JP	9,470
h.	<u>Service Company Expense</u> Adjusted for inflation in rate year 2014	JP	94,591
i.	<u>Postage</u> Adjusted for inflation in rate year 2014	JP	6,694
j.	<u>Rents</u> Adjusted for inflation in rate year 2014	JP	338
k.	<u>Group Insurance</u> Adjusted for inflation in rate year 2014	JP	17,424
l.	<u>401(k) Plan Expense</u> Adjusted for inflation in rate year 2014	JP	2,539

Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2014

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
1	<u>Operating & Maintenance Expenses</u>		
m.	<u>Defined Contribution Plan (DCP)</u> Adjusted for inflation in rate year 2014	JP	1,787
n.	<u>Insurance Other Than Group</u> Adjusted for inflation in rate year 2014	JP	16,144
o.	<u>Retiree Medical</u> Adjusted for inflation in rate year 2014	JP	134
p.	<u>Customer Outreach and Education Program</u> Adjusted for inflation in rate year 2014	JP	1,730
q.	<u>Audit Fees</u> Adjusted for inflation in rate year 2014	JP	1,236
r.	<u>Actuarial Fees</u> Adjusted for inflation in rate year 2014	JP	724
s.	<u>Synergy Savings</u> To reflect company's estimate of rate year 2 synergy savings	JP	(250,000)
Total Adjustments to Operating & Maintenance Expense			162,697

Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2014

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
2	<u>Depreciation Expense</u> Adjusted to reflect plant balance additions and retirements	JP	333,303
	<u>Taxes Other Than Income Taxes</u>		
3	<u>Property Taxes</u> Adjusted for inflation in rate year 2014	JP	239,058
4	<u>Payroll Taxes</u> Adjusted for inflation in rate year 2014	JP	10,082
	Total Adjustments to Taxes Other Than Income Taxes		<u>249,139</u>

Long Island American Water
 Summary of Joint Proposal Adjustments
 For the Rate Year Ending March 31, 2014

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
5	<u>State Income Taxes</u>		
a.	<u>Net Operating Income before SIT</u> To reflect Staff's adjustments to operating revenues and expenses		<u>\$ (745,140)</u>
	<u>Adjustments to Taxable Income</u>		
b.	<u>Interest Expense</u> To reflect Staff's calculation of interest expense including interest on IBCWIP		(203,254)
	Total Adjustments to Taxable Income - SIT		<u>(203,254)</u>
c.	<u>State Income Tax</u> To reflect state income tax expense at the current rate of 7.1%		<u>(67,336)</u>
d.	<u>MTA Tax Surcharge</u> To reflect MTA tax surcharge at the current rate of 17%		<u>(14,510)</u>

Long Island American Water
 Summary of Joint Proposal Adjustments
 For the Rate Year Ending March 31, 2014

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
6	<u>Federal Income Taxes</u>		
a.	<u>Net Operating Income before FIT</u> To reflect Staff's adjustments made to operating revenues and expenses		\$ (663,293)
	<u>Adjustments to Taxable Income</u>		
b.	<u>Interest Expense</u> To reflect Staff's calculation of interest expense including interest on IBCWIP		(203,254)
	Total Adjustments to Taxable Income - FIT		<u>(203,254)</u>
c.	<u>Federal Income Tax</u> To reflect federal income taxes at the current 34% tax rate		<u>(294,626)</u>

**Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2014**

<u>Adj. No.</u>		<u>Witness</u>	<u>Amount</u>
7	<u>Rate Base</u>		
a.	<u>Water Plant In Service</u> To reflect Water Plant in Service additions for rate year 2014	JP	\$ 10,715,367
b.	<u>Accumulated Provision for Depreciation</u> Tracks update to Water Plant in Service	JP	(3,932,201)
	<u>Working Capital</u>		
c.	<u>Cash Allowance</u> Tracking the Staff's adjustments to O & M expenses		20,337
d.	<u>Materials and Supplies</u> Adjusted for inflation in rate year 2014	JP	12,510
e.	<u>Prepayments</u> Adjusted for inflation in rate year 2014	JP	31,425
	Total Adjustments to Working Capital		<u>64,272</u>
	<u>Regulatory Deferrals</u>		
f.	<u>Deferred Tank Painting Expense</u> Adjust to reflect amortization of tank painting expense	JP	(19,840)
g.	<u>Deferred Rate Case Expense</u> Adjust to reflect amortization of rate case expense	JP	(61,526)
	Total Adjustments to Regulatory Deferrals		<u>(81,366)</u>
h.	<u>Accumulated Deferred Income Taxes (ADIT)</u> Tracks update to Water Plant in Service	JP	(641,277)
	Total Adjustments to Rate Base		<u><u>6,124,795</u></u>

Long Island American Water
Statement of Operating Income
For the Rate Year Ending March 31, 2015

	Rate Year 2 Revenue Requirement	Adj. No.	Joint Proposal Adjustments	Rate Year 3 As Adjusted	Rate Year 3 Revenue Requirement Adjustment	Rate Year 3 As Adjusted Revenue Requirement
<u>Operating Revenues</u>						
Water Sales	\$ 53,189,040		\$ -	\$ 53,189,040	\$ 1,156,936	\$ 54,345,976
Other Revenue	205,163		-	205,163	3,665	208,828
Total Operating Revenues	53,394,203		-	53,394,203	1,160,601	54,554,804
O & M Expenses (from page 2)	22,510,816	1	446,126	22,956,942	9,887	22,966,829
Depreciation Expense	4,444,853	2	96,539	4,541,392	-	4,541,392
<u>Taxes Other Than Income Taxes</u>						
Property Taxes	12,132,472	3	258,422	12,390,893	-	12,390,893
Payroll Taxes	512,366	4	10,898	523,265	-	523,265
Other Taxes	-		-	-	-	-
Total Taxes Other Than Income Taxes	12,644,838		269,320	12,914,158	-	12,914,158
Total Operating Revenue Deductions	39,600,507		811,985	40,412,492	9,887	40,422,379
Net Operating Income Before SIT	13,793,696		(811,985)	12,981,711	1,150,714	14,132,425
State Income Tax Expense	783,102	5	(79,673)	703,429	99,307	802,736
Net Operating Income Before FIT	13,010,594		(732,313)	12,278,282	1,051,407	13,329,689
Federal Income Tax Expense	3,005,023	6	(286,802)	2,718,221	357,478	3,075,699
Net Income Available for Return	\$ 10,005,572		\$ (445,511)	\$ 9,560,061	\$ 693,929	\$ 10,253,990
Rate Base	\$ 135,007,173	7	\$ 3,351,631	\$ 138,358,804	\$ 325	\$ 138,359,129
Rate of Return	7.41%			6.91%		7.41%

Long Island American Water
Schedule of Operating and Maintenance Expenses
For the Rate Year Ending March 31, 2015

<u>Operating & Maintenance Expenses</u>	Rate Year 2 Revenue Requirement	Adj. No. 1	Joint Proposal Adjustments	Rate Year 3 As Adjusted	Rate Year 3 Revenue Requirement Adjustment	Rate Year 3 As Adjusted Revenue Requirement
Payroll	\$ 6,688,438	a	\$ 142,464	\$ 6,830,901	\$ -	\$ 6,830,901
Productivity Adjustment	(95,676)	b	(1,770)	(97,446)	-	(97,446)
Purchased Power	2,464,102	c	52,485	2,516,587	-	2,516,587
Fuel	443,131	d	9,439	452,570	-	452,570
Chemicals	1,125,451	e	23,972	1,149,423	-	1,149,423
Invoices	2,551,597	f	54,349	2,605,946	-	2,605,946
Leased Vehicles	480,608	g	10,237	490,845	-	490,845
Service Company	4,800,613	h	102,253	4,902,866	-	4,902,866
Postage	339,717	i	7,236	346,953	-	346,953
Rents	17,164	j	366	17,530	-	17,530
Group Insurance	884,299	k	18,836	903,135	-	903,135
OPEBs	501,120		-	501,120	-	501,120
Pension	888,830		-	888,830	-	888,830
401k Expense	128,841	l	2,744	131,585	-	131,585
Deferred Contribution Plan	90,692	m	1,932	92,624	-	92,624
Insurance Other Than Group	819,304	n	17,451	836,755	-	836,755
Uncollectible Accounts	335,091		-	335,091	7,289	342,380
PSC Assessment	127,008		-	127,008	2,598	129,606
Employee Stock Purchase Plan	-		-	-	-	-
Retiree Medical	6,776	o	144	6,920	-	6,920
Customer Outreach and Education Program	87,814	p	1,870	89,685	-	89,685
Amort. of Deferred Rate Case costs	77,333		-	77,333	-	77,333
Amort. of Deferred Tank Painting costs	32,884		-	32,884	-	32,884
Amort. of Deferred Pension/OPEB expense	-		-	-	-	-
Amortization of Actuarial Studies	-		-	-	-	-
Audit Fees	62,734	q	1,336	64,070	-	64,070
Actuarial Fees	36,724	r	782	37,506	-	37,506
Synergy Savings	(383,777)	s	-	(383,777)	-	(383,777)
Total O & M Expenses	\$ 22,510,816		\$ 446,126	\$ 22,956,942	\$ 9,887	\$ 22,966,829

**Long Island American Water
Calculation of State Income Tax Expense
For the Rate Year Ending March 31, 2015**

	Rate Year 2 Revenue Requirement	Adj. No. 5	Joint Proposal Adjustments	Rate Year 3 As Adjusted	Rate Year 3 Revenue Requirement Adjustment	Rate Year 3 As Adjusted Revenue Requirement
Net Operating Income Before SIT	\$ 13,793,696	a	\$ (811,985)	\$ 12,981,711	\$ 1,150,714	\$ 14,132,425
<u>Additions/Deductions</u>						
Interest Expense	(4,719,514)	b	(111,223)	(4,830,737)	-	(4,830,737)
Depreciation Differences	(705,249)		-	(705,249)	-	(705,249)
Amortization of Rate Case	-		-	-	-	-
Amortization of Tank Painting	-		-	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	-		-	-	-	-
Reduction to Taxable Income for Repairs Expense	(1,094,626)		-	(1,094,626)	-	(1,094,626)
Excess Deferred SIT	-		-	-	-	-
Total Adjustments for SIT	(6,519,389)		(111,223)	(6,630,612)	-	(6,630,612)
Taxable Income for SIT	7,274,308		(923,208)	6,351,099	1,150,714	7,501,813
Current SIT Expense @ 7.1%	516,476	c	(65,548)	450,928	81,701	532,629
MTA Surcharge on SIT @ (9% of 17%)	111,297	d	(14,125)	97,172	17,606	114,778
Current SIT w/ MTA Surcharge	627,773		(79,673)	548,100	99,307	647,406
<u>Deferred SIT Expense</u>						
Depreciation Differences	60,863		-	60,863	-	60,863
Amortization of Rate Case	-		-	-	-	-
Amortization of Tank Painting	-		-	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	-		-	-	-	-
Reduction to Taxable Income for Repairs Expense	94,466		-	94,466	-	94,466
Excess Deferred SIT	-		-	-	-	-
Deferred SIT Expense	155,329		-	155,329	-	155,329
Total State Income Tax Expense	\$ 783,102		\$ (79,673)	\$ 703,429	\$ 99,307	\$ 802,736

Long Island American Water
Calculation of Federal Income Tax Expense
For the Rate Year Ending March 31, 2015

	Rate Year 2 Revenue Requirement	Adj. No. 6	Joint Proposal Adjustments	Rate Year 3 As Adjusted	Rate Year 3 Revenue Requirement Adjustment	Rate Year 3 As Adjusted Revenue Requirement
Net Operating Income Before FIT	\$ 13,010,594	a	\$ (732,313)	\$ 12,278,282	\$ 1,051,407	\$ 13,329,689
Additions/Deductions						
Deferred State Income Tax	155,329		-	155,329	-	155,329
Interest Expense	(4,719,514)	b	(111,223)	(4,830,737)	-	(4,830,737)
Depreciation Differences	(4,983,026)		-	(4,983,026)	-	(4,983,026)
Amortization of Rate Case	-		-	-	-	-
Amortization of Tank Painting	-		-	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	-		-	-	-	-
Reduction to Taxable Income for Repairs Expense	(1,094,626)		-	(1,094,626)	-	(1,094,626)
Excess Deferred FIT	-		-	-	-	-
Total Adjustments for FIT	(10,641,836)		(111,223)	(10,753,059)	-	(10,753,059)
Taxable Income for FIT	2,368,758		(843,535)	1,525,222	1,051,407	2,576,630
Current FIT Expense @ 34%	805,378	c	(286,802)	518,576	357,478	876,054
Deferred FIT Expense						
Deferred State Income Tax	(52,812)		-	(52,812)	-	(52,812)
Depreciation Differences	1,694,229		-	1,694,229	-	1,694,229
Amortization of Flow Through Tax Depr	210,938		-	210,938	-	210,938
Amortization of Rate Case	-		-	-	-	-
Amortization of Tank Painting	-		-	-	-	-
Amortization of Deferred Pension/OPEBs	-		-	-	-	-
Amortization of Pension Actuarial Study	-		-	-	-	-
Reduction to Taxable Income for Repairs Expense	372,173		-	372,173	-	372,173
Excess Deferred FIT	(9,883)		-	(9,883)	-	(9,883)
Deferred FIT Expense	2,214,645		-	2,214,645	-	2,214,645
Amortization of ITC	(15,000)		-	(15,000)	-	(15,000)
Total Federal Income Tax Expense	\$ 3,005,023		\$ (286,802)	\$ 2,718,221	\$ 357,478	\$ 3,075,699

**Long Island American Water
Rate Base Summary
For the Rate Year Ending March 31, 2015**

	Rate Year 2 Revenue Requirement	Adj. No. 7	Joint Proposal Adjustments	Rate Year 3 As Adjusted	Rate Year 3 Revenue Requirement Adjustment	Rate Year 3 As Adjusted Revenue Requirement
<u>Net Utility Plant</u>						
Water Plant in Service	\$ 204,811,259	a	\$ 7,625,000	\$ 212,436,259	\$ -	\$ 212,436,259
Non-Interest Bearing CWIP	262,553		-	262,553	-	262,553
Plant Held For Future Use	110,933		-	110,933	-	110,933
Less Accumulated Depreciation	(56,057,055)	b	(4,367,984)	(60,425,039)	-	(60,425,039)
Total Net Utility Plant	149,127,690		3,257,016	152,384,706	-	152,384,706
Customer Advances for Construction	(65,427)		-	(65,427)	-	(65,427)
<u>Working Capital</u>						
Cash Allowance	2,758,188	c	55,766	2,813,954	325	2,814,279
Materials and Supplies	634,880	d	13,523	648,403	-	648,403
Prepayments	1,594,850	e	33,970	1,628,820	-	1,628,820
Total Working Capital	4,987,918		103,259	5,091,177	325	5,091,502
<u>Regulatory Deferrals</u>						
Tank Painting (net of tax)	128,889	f	(19,829)	109,060	-	109,060
Rate Case Expense (net of tax)	69,948	g	(46,632)	23,316	-	23,316
Deferred Pensions/OPEB expense	-		-	-	-	-
Pension Actuarial Study (net of tax)	-		-	-	-	-
Total Regulatory Deferrals	198,837		(66,461)	132,376	-	132,376
Accumulated Deferred Income Taxes	(17,234,583)	h	57,817	(17,176,766)	-	(17,176,766)
Earnings Base Capitalization Adj.	(2,007,262)		-	(2,007,262)	-	(2,007,262)
Total Rate Base	\$ 135,007,173		\$ 3,351,631	\$ 138,358,804	\$ 325	\$ 138,359,129

Long Island American Water
Summary of Cash Working Capital Allowance
For the Rate Year Ending March 31, 2015

	Rate Year 2 Revenue Requirement	Joint Proposal Adjustments	Rate Year 3 As Adjusted	Rate Year 3 Revenue Requirement Adjustment	Rate Year 3 As Adjusted Revenue Requirement
Total O & M Expenses	\$ 22,510,816	\$ 446,126	\$ 22,956,942	\$ 9,887	\$ 22,966,829
<u>Adjustments:</u>					
Uncollectible Accounts Expense	(335,091)	-	(335,091)	(7,289)	(342,380)
Amort. of Deferred Rate Case costs	(77,333)	-	(77,333)	-	(77,333)
Amort. of Deferred Tank Painting costs	(32,884)	-	(32,884)	-	(32,884)
Amort. of Deferred Pension/OPEB exp	-	-	-	-	-
Amort. of Pension Actuarial Study	-	-	-	-	-
Total Adjustments	(445,308)	-	(445,308)	(7,289)	(452,597)
Sub-total for Cash W/C allowance	22,065,508	446,126	22,511,634	2,598	22,514,232
Weighted Billing factor - 1/8 (45 days)	12.50%	12.50%	12.50%	12.50%	12.50%
Total Cash W/C Allowance	\$ 2,758,188	\$ 55,766	\$ 2,813,954	\$ 325	\$ 2,814,279

Long Island American Water
Cost of Capital
For the Rate Year Ending March 31, 2015

	<u>Percent</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Pre-Tax Return</u>
Long-Term Debt	57.11%	5.81%	3.318%	3.318%
Preferred Stock	0.89%	4.50%	0.040%	0.067%
Common Equity	42.00%	9.65%	4.053%	6.757%
Totals	<u>100.00%</u>		<u>7.41%</u>	<u>10.14%</u>

Long Island American Water
 Computation of Revenue Requirement
 For the Rate Year Ending March 31, 2015

	Rate Year 3 Per JP
Average Rate Base	\$ 138,359,129
Rate of Return on Rate Base	7.41%
Required Net Income	10,253,990
Net Income before Revenue Requirement	9,560,061
Earnings Deficiency	693,929
Retention Factor	59.98%
Revenue Increase	<u>\$ 1,156,936</u>

<u>Calculation of Retention ("Gross-Up") Factor:</u>	<u>Percentages</u>	<u>Rate Year 3 Revenue Requirement</u>
Sales Revenues	100.00%	\$ 1,156,936
Late Payment Charges	0.32%	3,665
PSC Assessment	0.22%	2,598
Uncollectible Accounts Expense	0.63%	7,289
Retention Factor before Income Taxes	<u>99.46%</u>	<u>1,150,714</u>
SIT Expense @7.1% plus (9% times 17%) MTA Surcharge on SIT	8.58%	99,307
FIT Expense @ 34%	30.90%	357,479
Retention Factor	<u>59.98%</u>	<u>\$ 693,929</u>

Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2015

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
1	<u>Operating & Maintenance Expenses</u>		
a.	<u>Payroll</u> Adjusted for inflation in rate year 2015	JP	\$ 142,464
b.	<u>Productivity Adjustment</u> Tracks changes related to inflation	JP	(1,770)
c.	<u>Purchased Power</u> Adjusted for inflation in rate year 2015	JP	52,485
d.	<u>Fuel</u> Adjusted for inflation in rate year 2015	JP	9,439
e.	<u>Chemicals</u> Adjusted for inflation in rate year 2015	JP	23,972
f.	<u>Invoices</u> Adjusted for inflation in rate year 2015	JP	54,349
g.	<u>Leased Vehicles</u> Adjusted for inflation in rate year 2015	JP	10,237
h.	<u>Service Company Expense</u> Adjusted for inflation in rate year 2015	JP	102,253
i.	<u>Postage</u> Adjusted for inflation in rate year 2015	JP	7,236
j.	<u>Rents</u> Adjusted for inflation in rate year 2015	JP	366
k.	<u>Group Insurance</u> Adjusted for inflation in rate year 2015	JP	18,836
l.	<u>401(k) Plan Expense</u> Adjusted for inflation in rate year 2015	JP	2,744

Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2015

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
1	<u>Operating & Maintenance Expenses</u>		
m.	<u>Defined Contribution Plan (DCP)</u> Adjusted for inflation in rate year 2015	JP	1,932
n.	<u>Insurance Other Than Group</u> Adjusted for inflation in rate year 2015	JP	17,451
o.	<u>Retiree Medical</u> Adjusted for inflation in rate year 2015	JP	144
p.	<u>Customer Outreach and Education Program</u> Adjusted for inflation in rate year 2015	JP	1,870
q.	<u>Audit Fees</u> Adjusted for inflation in rate year 2015	JP	1,336
r.	<u>Actuarial Fees</u> Adjusted for inflation in rate year 2015	JP	782
s.	<u>Synergy Savings</u> To reflect company's estimate of rate year 3 synergy savings	JP	-
Total Adjustments to Operating & Maintenance Expense			446,126

Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2015

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
2	<u>Depreciation Expense</u> Adjusted to reflect plant balance additions and retirements	JP	96,539
	<u>Taxes Other Than Income Taxes</u>		
3	<u>Property Taxes</u> Adjusted for inflation in rate year 2015	JP	258,422
4	<u>Payroll Taxes</u> Adjusted for inflation in rate year 2015	JP	10,898
	Total Adjustments to Taxes Other Than Income Taxes		269,320

Long Island American Water
 Summary of Joint Proposal Adjustments
 For the Rate Year Ending March 31, 2015

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
5	<u>State Income Taxes</u>		
a.	<u>Net Operating Income before SIT</u> To reflect Staff's adjustments to operating revenues and expenses		<u>\$ (811,985)</u>
	<u>Adjustments to Taxable Income</u>		
b.	<u>Interest Expense</u> To reflect Staff's calculation of interest expense including interest on IBCWIP		(111,223)
	Total Adjustments to Taxable Income - SIT		<u>(111,223)</u>
c.	<u>State Income Tax</u> To reflect state income tax expense at the current rate of 7.1%		<u>(65,548)</u>
d.	<u>MTA Tax Surcharge</u> To reflect MTA tax surcharge at the current rate of 17%		<u>(14,125)</u>

Long Island American Water
 Summary of Joint Proposal Adjustments
 For the Rate Year Ending March 31, 2015

<u>Adj No.</u>		<u>Witness</u>	<u>Amount</u>
6	<u>Federal Income Taxes</u>		
a.	<u>Net Operating Income before FIT</u> To reflect Staff's adjustments made to operating revenues and expenses		\$ (732,313)
	<u>Adjustments to Taxable Income</u>		
b.	<u>Interest Expense</u> To reflect Staff's calculation of interest expense including interest on IBCWIP		(111,223)
	Total Adjustments to Taxable Income - FIT		<u>(111,223)</u>
c.	<u>Federal Income Tax</u> To reflect federal income taxes at the current 34% tax rate		<u>(286,802)</u>

**Long Island American Water
Summary of Joint Proposal Adjustments
For the Rate Year Ending March 31, 2015**

<u>Adj. No.</u>		<u>Witness</u>	<u>Amount</u>
7	<u>Rate Base</u>		
a.	<u>Water Plant In Service</u> To reflect Water Plant in Service additions for rate year 2015	JP	\$ 7,625,000
b.	<u>Accumulated Provision for Depreciation</u> Tracks update to Water Plant in Service	JP	(4,367,984)
	<u>Working Capital</u>		
c.	<u>Cash Allowance</u> Tracking the Staff's adjustments to O & M expenses		55,766
d.	<u>Materials and Supplies</u> Adjusted for inflation in rate year 2015	JP	13,523
e.	<u>Prepayments</u> Adjusted for inflation in rate year 2015	JP	33,970
	Total Adjustments to Working Capital		<u>103,259</u>
	<u>Regulatory Deferrals</u>		
f.	<u>Deferred Tank Painting Expense</u> Adjust to reflect amortization of tank painting expense	JP	(19,829)
g.	<u>Deferred Rate Case Expense</u> Adjust to reflect amortization of rate case expense	JP	(46,632)
	Total Adjustments to Regulatory Deferrals		<u>(66,461)</u>
h.	<u>Accumulated Deferred Income Taxes (ADIT)</u> Tracks update to Water Plant in Service	JP	57,817
	Total Adjustments to Rate Base		<u><u>3,351,631</u></u>

Appendix B

Long Island American Water

5/8" Residential Customer

					6.02%	2.64%		2.17%
Meter Charge:		DSIC	SIC	Total				
Effective	3/30/2011	2.44%	1.06%	3/30/2011	4/1/2012	4/1/2013		4/1/2014
Monthly	\$9.39	\$9.62	\$9.72	\$9.72	\$9.96	\$10.22	2.61%	\$10.44
Consumption								
Summer Usage								
First 5,000 Gal	\$0.35046	\$0.35906	\$0.36276	\$0.36276	\$0.37160	\$0.38142	2.64%	\$0.38974
Over 5,000 Gal	\$0.43838	\$0.44908	\$0.45368	\$0.45368	\$0.46480	\$0.47711	2.65%	\$0.48751
Winter Usage	\$0.35046	\$0.35906	\$0.36276	\$0.36276	\$0.37160	\$0.38142	2.64%	\$0.38974

Annual Customer Usage	Average Monthly Usage	Average Res w/o DISC & SIC	Average Res w/ DISC	Average Res w/ DISC & SIC	Current Rates	4/1/2012		4/1/2013		4/1/2014	
12,000	1,000	\$154.74	\$158.53	\$160.17	\$160.17	\$164.11	2.46%	\$168.41	2.62%	\$172.05	2.16%
13,000	1,083	\$158.24	\$162.12	\$163.80	\$163.80	\$167.83	2.46%	\$172.22	2.62%	\$175.95	2.17%
14,000	1,167	\$161.74	\$165.71	\$167.43	\$167.43	\$171.54	2.45%	\$176.04	2.62%	\$179.84	2.16%
15,000	1,250	\$165.25	\$169.30	\$171.05	\$171.05	\$175.26	2.46%	\$179.85	2.62%	\$183.74	2.16%
16,000	1,333	\$168.75	\$172.89	\$174.68	\$174.68	\$178.98	2.46%	\$183.67	2.62%	\$187.64	2.16%
17,000	1,417	\$172.26	\$176.48	\$178.31	\$178.31	\$182.69	2.46%	\$187.48	2.62%	\$191.54	2.17%
18,000	1,500	\$175.76	\$180.07	\$181.94	\$181.94	\$186.41	2.46%	\$191.30	2.62%	\$195.43	2.16%
19,000	1,583	\$179.27	\$183.66	\$185.56	\$185.56	\$190.12	2.46%	\$195.11	2.62%	\$199.33	2.16%
20,000	1,667	\$182.77	\$187.25	\$189.19	\$189.19	\$193.84	2.46%	\$198.92	2.62%	\$203.23	2.17%
21,000	1,750	\$186.28	\$190.84	\$192.82	\$192.82	\$197.56	2.46%	\$202.74	2.62%	\$207.13	2.17%
22,000	1,833	\$189.78	\$194.43	\$196.45	\$196.45	\$201.27	2.45%	\$206.55	2.62%	\$211.02	2.16%
23,000	1,917	\$193.29	\$198.02	\$200.07	\$200.07	\$204.99	2.46%	\$210.37	2.62%	\$214.92	2.16%
24,000	2,000	\$196.79	\$201.61	\$203.70	\$203.70	\$208.70	2.45%	\$214.18	2.63%	\$218.82	2.17%
25,000	2,083	\$200.30	\$205.21	\$207.33	\$207.33	\$212.42	2.46%	\$218.00	2.63%	\$222.72	2.17%
26,000	2,167	\$203.80	\$208.80	\$210.96	\$210.96	\$216.14	2.46%	\$221.81	2.62%	\$226.61	2.16%
27,000	2,250	\$207.30	\$212.39	\$214.59	\$214.59	\$219.85	2.45%	\$225.62	2.62%	\$230.51	2.17%
28,000	2,333	\$210.81	\$215.98	\$218.21	\$218.21	\$223.57	2.46%	\$229.44	2.63%	\$234.41	2.17%
29,000	2,417	\$214.31	\$219.57	\$221.84	\$221.84	\$227.28	2.45%	\$233.25	2.63%	\$238.30	2.17%
30,000	2,500	\$217.82	\$223.16	\$225.47	\$225.47	\$231.00	2.45%	\$237.07	2.63%	\$242.20	2.16%
31,000	2,583	\$221.32	\$226.75	\$229.10	\$229.10	\$234.72	2.45%	\$240.88	2.62%	\$246.10	2.17%
32,000	2,667	\$224.83	\$230.34	\$232.72	\$232.72	\$238.43	2.45%	\$244.69	2.63%	\$250.00	2.17%
33,000	2,750	\$228.33	\$233.93	\$236.35	\$236.35	\$242.15	2.45%	\$248.51	2.63%	\$253.89	2.16%
34,000	2,833	\$231.84	\$237.52	\$239.98	\$239.98	\$245.86	2.45%	\$252.32	2.63%	\$257.79	2.17%
35,000	2,917	\$235.34	\$241.11	\$243.61	\$243.61	\$249.58	2.45%	\$256.14	2.63%	\$261.69	2.17%
36,000	3,000	\$238.85	\$244.70	\$247.23	\$247.23	\$253.30	2.46%	\$259.95	2.63%	\$265.59	2.17%
37,000	3,083	\$242.35	\$248.29	\$250.86	\$250.86	\$257.01	2.45%	\$263.77	2.63%	\$269.48	2.16%
38,000	3,167	\$245.85	\$251.88	\$254.49	\$254.49	\$260.73	2.45%	\$267.58	2.63%	\$273.38	2.17%
39,000	3,250	\$249.36	\$255.47	\$258.12	\$258.12	\$264.44	2.45%	\$271.39	2.63%	\$277.28	2.17%
40,000	3,333	\$252.86	\$259.06	\$261.74	\$261.74	\$268.16	2.45%	\$275.21	2.63%	\$281.18	2.17%
41,000	3,417	\$256.37	\$262.65	\$265.37	\$265.37	\$271.88	2.45%	\$279.02	2.63%	\$285.07	2.17%
42,000	3,500	\$259.87	\$266.25	\$269.00	\$269.00	\$275.59	2.45%	\$282.84	2.63%	\$288.97	2.17%
43,000	3,583	\$263.38	\$269.84	\$272.63	\$272.63	\$279.31	2.45%	\$286.65	2.63%	\$292.87	2.17%
44,000	3,667	\$266.88	\$273.43	\$276.25	\$276.25	\$283.02	2.45%	\$290.46	2.63%	\$296.77	2.17%
45,000	3,750	\$270.39	\$277.02	\$279.88	\$279.88	\$286.74	2.45%	\$294.28	2.63%	\$300.66	2.17%
46,000	3,833	\$273.89	\$280.61	\$283.51	\$283.51	\$290.46	2.45%	\$298.09	2.63%	\$304.56	2.17%
47,000	3,917	\$277.40	\$284.20	\$287.14	\$287.14	\$294.17	2.45%	\$301.91	2.63%	\$308.46	2.17%
48,000	4,000	\$280.90	\$287.79	\$290.76	\$290.76	\$297.89	2.45%	\$305.72	2.63%	\$312.36	2.17%
49,000	4,083	\$284.41	\$291.38	\$294.39	\$294.39	\$301.60	2.45%	\$309.54	2.63%	\$316.25	2.17%
50,000	4,167	\$287.91	\$294.97	\$298.02	\$298.02	\$305.32	2.45%	\$313.35	2.63%	\$320.15	2.17%
55,000	4,583	\$305.43	\$312.92	\$316.16	\$316.16	\$323.90	2.45%	\$332.42	2.63%	\$339.64	2.17%
60,000	5,000	\$322.96	\$330.88	\$334.30	\$334.30	\$342.48	2.45%	\$351.49	2.63%	\$359.12	2.17%
65,000	5,417	\$341.54	\$349.91	\$353.53	\$353.53	\$362.18	2.45%	\$371.71	2.63%	\$379.79	2.17%
70,000	5,833	\$360.12	\$368.95	\$372.76	\$372.76	\$381.88	2.45%	\$391.94	2.63%	\$400.45	2.17%
72,000	6,000	\$369.41	\$378.46	\$382.37	\$382.37	\$391.73	2.45%	\$402.05	2.63%	\$410.78	2.17%
75,000	6,250	\$383.34	\$392.74	\$396.80	\$396.80	\$406.51	2.45%	\$417.21	2.63%	\$426.28	2.17%
80,000	6,667	\$401.92	\$411.78	\$416.03	\$416.03	\$426.21	2.45%	\$437.44	2.63%	\$446.94	2.17%
85,000	7,083	\$420.50	\$430.81	\$435.26	\$435.26	\$445.91	2.45%	\$457.66	2.64%	\$467.60	2.17%
90,000	7,500	\$439.08	\$449.85	\$454.49	\$454.49	\$465.61	2.45%	\$477.88	2.64%	\$488.27	2.17%
95,000	7,917	\$457.66	\$468.88	\$473.72	\$473.72	\$485.31	2.45%	\$498.10	2.64%	\$508.93	2.17%
100,000	8,333	\$476.24	\$487.92	\$492.95	\$492.95	\$505.01	2.45%	\$518.32	2.64%	\$529.59	2.17%
104,000	8,667	\$494.83	\$506.95	\$512.18	\$512.18	\$524.71	2.45%	\$538.55	2.64%	\$550.26	2.17%
105,000	8,750	\$499.47	\$511.71	\$516.99	\$516.99	\$529.64	2.45%	\$543.60	2.64%	\$555.42	2.17%
110,000	9,167	\$518.05	\$530.75	\$536.22	\$536.22	\$549.34	2.45%	\$563.82	2.64%	\$576.08	2.17%
115,000	9,583	\$536.63	\$549.78	\$555.45	\$555.45	\$569.04	2.45%	\$584.04	2.64%	\$596.75	2.18%
120,000	10,000	\$555.21	\$568.82	\$574.68	\$574.68	\$588.74	2.45%	\$604.27	2.64%	\$617.41	2.17%
125,000	10,417	\$573.79	\$587.85	\$593.91	\$593.91	\$608.44	2.45%	\$624.49	2.64%	\$638.07	2.17%
130,000	10,833	\$592.37	\$606.89	\$613.14	\$613.14	\$628.14	2.45%	\$644.71	2.64%	\$658.74	2.18%
135,000	11,250	\$615.60	\$630.68	\$637.18	\$637.18	\$652.77	2.45%	\$669.99	2.64%	\$684.56	2.17%
140,000	11,667	\$634.18	\$649.72	\$656.41	\$656.41	\$672.47	2.45%	\$690.21	2.64%	\$705.23	2.18%
145,000	12,083	\$652.76	\$668.75	\$675.64	\$675.64	\$692.17	2.45%	\$710.43	2.64%	\$725.89	2.18%
150,000	12,500	\$671.34	\$687.79	\$694.88	\$694.88	\$711.87	2.45%	\$730.65	2.64%	\$746.55	2.18%
155,000	12,917	\$689.92	\$706.82	\$714.11	\$714.11	\$731.57	2.45%	\$750.88	2.64%	\$767.22	2.18%
160,000	13,333	\$708.50	\$725.86	\$733.34	\$733.34	\$751.27	2.44%	\$771.10	2.64%	\$787.88	2.18%
165,000	13,750	\$731.73	\$749.65	\$757.38	\$757.38	\$775.90	2.45%	\$796.38	2.64%	\$813.71	2.18%
170,000	14,167	\$750.31	\$768.69	\$776.61	\$776.61	\$795.60	2.45%	\$816.60	2.64%	\$834.37	2.18%
175,000	14,583	\$768.89	\$787.72	\$795.84	\$795.84	\$815.30	2.45%	\$836.82	2.64%	\$855.03	2.18%
200,000	16,667	\$866.44	\$887.66	\$896.80	\$896.80	\$918.73	2.45%	\$942.98	2.64%	\$963.51	2.18%

Appendix C

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

LEAF NO.: 60
REVISION: 4
SUPERSEDING REVISION: 2

SERVICE CLASSIFICATION NO. 1

Applicable to the Use of Service for: General Water Service – Residential
Character of Service: Continuous

Rates:	<u>Meters Read and Billed Monthly</u>	
<u>Summer</u>		
May 1 through September 30	First 5,000 gal.	\$0.37156 per 100 gal.
	Over 5,000 gal.	0.46477 per 100 gal.
<u>Winter</u>		
October 1 through April 30	All consumption	\$0.37156 per 100 gal.

The allowed water quantities in the first block will be prorated on a daily basis.

<u>Meter Size</u>	<u>Customer Service Charge</u> <u>Monthly</u>
5/8"	\$9.96
3/4"	11.37
1"	13.53
1 1/2"	26.32
2"	29.55

The customer service charge applies to both seasons, will be included in each bill and will be charged on a daily basis if meter reading is outside of the billing window.

Terms of Payment: Net Cash. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

LEAF NO.: 61
REVISION: 4
SUPERSEDING REVISION: 2

SERVICE CLASSIFICATION NO. 1A

Applicable to the Use of Service for: General Water Service – Commercial & Industrial
 Character of Service: Continuous

Rates:	<u>Meters Read and Billed Monthly</u>	
<u>Summer</u>		
May 1 through September 30	First 34,000 gal.	\$0.46477 per 100 gal.
	Over 34,000 gal.	0.37156 per 100 gal.
<u>Winter</u>		
October 1 through April 30	First 34,000 gal.	\$0.37156 per 100 gal.
	Over 34,000 gal.	0.30980 per 100 gal.

<u>Meter Size</u>	<u>Customer Service Charge</u> <u>Monthly</u>
5/8"	\$9.96
3/4"	11.37
1"	13.53
1 1/2"	26.32
2"	29.55
3"	64.48
Compound 3"	101.31
Compound 4"	115.41
Compound 6"	115.11
Compound 8"	155.59
5/8" & 2"	31.10
1" & 1 1/2"	32.24
1 1/2" & 1 1/2"	39.87
1 1/2" & 2"	43.10
2" & 2"	46.32
3" & 3"	179.88
4" & 4"	208.04

The customer service charge applies to both seasons, will be included in each bill and will be charged on a daily basis if meter reading is outside of the billing window.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

LEAF NO.: 62
REVISION: 4
SUPERSEDING REVISION: 2

SERVICE CLASSIFICATION NO. 1A (Continued)

Terms of Payment: Net Cash. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term: Service may be discontinued on 48 hours notice to the Corporation.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

LEAF NO.: 63
REVISION: 4
SUPERSEDING REVISION: 2

SERVICE CLASSIFICATION NO. 2

Applicable to the Use of Service for:

Private Fire Hydrant Service when the existing facilities (mains, etc.) of the Company are adequate for supply, and where the hydrant is to be used for fire purposes only.

Character of Service:

Continuous

Rate: \$695.89 per hydrant per year

Terms of Payment:

Upon acceptance of customer's application for service, a sum of \$695.89 is to be paid covering the first year of service, and thereafter \$695.89 is to be paid annually in advance.

A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term:

Five years minimum, thereafter until cancelled by 60 days written notice.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

LEAF NO.: 64
REVISION: 4
SUPERSEDING REVISION: 2

SERVICE CLASSIFICATION NO. 3

Applicable to the Use of Service for: Lawn Sprinkler Service

- A. Lawn Sprinkler Systems supplied by an existing service line installed prior to March 15, 1947 which supplies both lawn sprinkling systems and general service.
- B. Lawn Sprinkler Systems installed on or after March 15, 1947.

Character of Service: Seasonal (May 1st through October 31st)

See Section VII for Lawn Sprinkler responsibility and details.

For all quantities used in each season, the following rate applies: \$0.46477 per 100 gallons.

<u>Customer Service Charge</u>	
<u>Season: May 1st to October</u>	
<u>31st</u>	
<u>Meter Size</u>	
1"	
1½"	
2"	

<u>Per Season</u>
\$147.19
260.38
299.09

TERMS OF PAYMENT:

New Service: Service construction costs, inspection fee and non-refundable Customer Service Charge are payable upon acceptance of Application for Service. If a new service is installed during the season, the Customer Service Charge will be applied on a prorated basis. Thereafter, the Customer Service Charge is payable in advance before service is connected for the season.

Existing Services: A Customer Service Charge is payable in advance before service is connected for the season. The Customer Service Charge shall be prorated for customers not taking lawn sprinkler service for the entire season. Whenever a customer has been found to have activated their lawn sprinkler service without having paid the appropriate Customer Service Charge in advance, the Customer Service Charge will be retroactive to May 1st.

Charge for water consumed is payable upon presentation of bill. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Meters may be read monthly, quarterly or seasonally at the option of the Corporation. The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

LEAF NO.: 65
REVISION: 4
SUPERSEDING REVISION: 2

SERVICE CLASSIFICATION NO. 4

Applicable to the Use of Service for:

Public Fire Protection

Character of Service:

Continuous

Rate:

Public Fire Hydrants \$695.89 per hydrant per year

Minimum Charge:

None

Terms of Payment:

In arrears, monthly or quarterly, at the option of the Corporation. If hydrants are installed within the billing period, the charges will be prorated. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term:

One year and to continue from year to year thereafter, unless terminated by thirty days notice.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

LEAF NO.: 66
REVISION: 4
SUPERSEDING REVISION: 2

SERVICE CLASSIFICATION NO. 5

Applicable to the Use of Service for:

Construction and other purposes when the supply of water is not metered.

Character of service: Continuous

1 - Water used in constructing one or two story dwellings:

	Unit	Rate
Frame	Each Structure	\$77.09
Frame and half stucco	Each Structure	102.78
All stucco, cement or cinder block, hollow tile, brick veneer or various combinations	Each Structure	\$128.47
Brick	Each Structure	154.15

2 - Structures other than dwellings

Concrete, stone, terra cotta	Per cu. yd. of masonry	\$0.87
Other masonry		
Brick	Per 1,000 bricks	1.63

3 - Road Construction

Concrete, macadam or other roads	Per 100 sq. ft.	\$3.00
Sidewalk	Per 100 sq. ft.	3.00
Curbing	Per 100 sq. ft.	3.20

4 - Flooding Ditches

Ditch 2 ft by 3 ft - \$16.14 per 100 lineal feet
(Proportionate charges for excess of above)

5 - Jetting Planks

Minimum rate - \$17.01 for four or less planks
First four planks \$17.01, thereafter \$1.20

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

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Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

LEAF NO.: 67
REVISION: 4
SUPERSEDING REVISION: 2

SERVICE CLASSIFICATION NO. 5 (Continued)

6 - Jetting Spiles

Minimum rate \$17.01 four or less spiles
First four spiles \$17.01, thereafter \$2.57

7 - Water drawn from hydrants for the purposes other than fire protection
and for purposes other than specified above.

Rate: \$0.42200 per 100 gallons

Minimum charge of \$84.47 payable in advance for which the customer will be entitled to use 20,000 gallons of water in the period stated in the permit. Water in excess of such allowances will be billed at the rate above stated, at the expiration of the permit, and the bill thereof will be due and payable when rendered. The quantities of water used will be estimated.

Hydrant Permits

(In addition to above charges)

Per hydrant	\$17.01 per day
For services of Inspector (when required by Company)	128.47 per day

Terms of Payment:

Net Cash. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term: None

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

LEAF NO.: 68
REVISION: 4
SUPERSEDING REVISION: 2

SERVICE CLASSIFICATION NO. 6

Applicable to the Use of Service for:

Private Fire Protection – Risers for hose connections and/or sprinkler heads.

Character of Service: Continuous

Rate: Flat

Through 2” fire service connection or less	\$42.05 per quarter
Through 3” fire service connection or less	\$105.11 per quarter
Through 4” fire service connection or less	\$210.25 per quarter
Through 6” fire service connection or less	\$420.50 per quarter
Through 8” fire service connection or less	\$840.93 per quarter
Through 10” fire service connection or less	\$1,682.00 per quarter
Through 12” fire service connection or less	\$3,364.00 per quarter
Through 16” fire service connection or less	\$6,728.00 per quarter

Minimum Charge: As above

Terms of Payment: Quarterly in advance. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term: Agreement effective for a term of not less than one year. Service may be discontinued after one year upon ten (10) days prior notice to the Corporation.

Special Provisions:

- (a) Each fire service installation is to be used solely and exclusively for fire protection. Water for any other purpose shall not be drawn from a private fire service connection, except that the Corporation will permit the use of water for test purposes upon three (3) days prior notification to the Corporation. The use of water in violation of the terms of this provision shall result in cancellation of service under this classification, whereupon the customer shall be rendered service under General Water Service Classification No. 1 and shall pay the rates set forth therein.
- (b) The Corporation reserves the right to install a meter at any time.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

LEAF NO.: 69
REVISION: 4
SUPERSEDING REVISION: 2

SERVICE CLASSIFICATION NO. 6 (Continued)

- (c) The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2013

LEAF NO.: 60
REVISION: 5
SUPERSEDING REVISION: 4

SERVICE CLASSIFICATION NO. 1

Applicable to the Use of Service for: General Water Service – Residential
Character of Service: Continuous

Rates:	<u>Meters Read and Billed Monthly</u>	
<u>Summer</u>		
May 1 through September 30	First 5,000 gal.	\$0.38142 per 100 gal.
	Over 5,000 gal.	0.47711 per 100 gal.
<u>Winter</u>		
October 1 through April 30	All consumption	\$0.38142 per 100 gal.

The allowed water quantities in the first block will be prorated on a daily basis.

<u>Meter Size</u>	<u>Customer Service Charge</u> <u>Monthly</u>
5/8"	\$10.22
3/4"	11.67
1"	13.89
1 1/2"	27.02
2"	30.33

The customer service charge applies to both seasons, will be included in each bill and will be charged on a daily basis if meter reading is outside of the billing window.

Terms of Payment: Net Cash. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
 COMPANY: LONG ISLAND WATER CORPORATION d/b/a
 LONG ISLAND AMERICAN WATER
 INITIAL EFFECTIVE DATE: APRIL 1, 2013

LEAF NO.: 61
 REVISION: 5
 SUPERSEDING REVISION: 4

SERVICE CLASSIFICATION NO. 1A

Applicable to the Use of Service for: General Water Service – Commercial & Industrial
 Character of Service: Continuous

Rates:	<u>Meters Read and Billed Monthly</u>	
<u>Summer</u>		
May 1 through September 30	First 34,000 gal.	\$0.47711 per 100 gal.
	Over 34,000 gal.	0.38142 per 100 gal.
<u>Winter</u>		
October 1 through April 30	First 34,000 gal.	\$0.38142 per 100 gal.
	Over 34,000 gal.	0.31802 per 100 gal.

Customer Service Charge	
<u>Meter Size</u>	<u>Monthly</u>
5/8"	\$10.22
3/4"	11.67
1"	13.89
1 1/2"	27.02
2"	30.33
3"	66.19
Compound 3"	104.00
Compound 4"	118.47
Compound 6"	118.17
Compound 8"	159.72
5/8" & 2"	31.93
1" & 1 1/2"	33.10
1 1/2" & 1 1/2"	40.93
1 1/2" & 2"	44.24
2" & 2"	47.55
3" & 3"	184.65
4" & 4"	213.56

The customer service charge applies to both seasons, will be included in each bill and will be charged on a daily basis if meter reading is outside of the billing window.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2013

LEAF NO.: 62
REVISION: 5
SUPERSEDING REVISION: 4

SERVICE CLASSIFICATION NO. 1A (Continued)

Terms of Payment: Net Cash. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term: Service may be discontinued on 48 hours notice to the Corporation.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2013

LEAF NO.: 63
REVISION: 5
SUPERSEDING REVISION: 4

SERVICE CLASSIFICATION NO. 2

Applicable to the Use of Service for:

Private Fire Hydrant Service when the existing facilities (mains, etc.) of the Company are adequate for supply, and where the hydrant is to be used for fire purposes only.

Character of Service:

Continuous

Rate: \$714.36 per hydrant per year

Terms of Payment:

Upon acceptance of customer's application for service, a sum of \$714.36 is to be paid covering the first year of service, and thereafter \$714.36 is to be paid annually in advance.

A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term:

Five years minimum, thereafter until cancelled by 60 days written notice.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2013

LEAF NO.: 64
REVISION: 5
SUPERSEDING REVISION: 4

SERVICE CLASSIFICATION NO. 3

Applicable to the Use of Service for: Lawn Sprinkler Service

- A. Lawn Sprinkler Systems supplied by an existing service line installed prior to March 15, 1947 which supplies both lawn sprinkling systems and general service.
- B. Lawn Sprinkler Systems installed on or after March 15, 1947.

Character of Service: Seasonal (May 1st through October 31st)

See Section VII for Lawn Sprinkler responsibility and details.

For all quantities used in each season, the following rate applies: \$0.47711 per 100 gallons.

<u>Customer Service Charge</u> <u>Season: May 1st to October</u> <u>31st</u> <u>Meter Size</u>	<u>Per Season</u>
1"	\$151.10
1½"	267.29
2"	307.03

TERMS OF PAYMENT:

New Service: Service construction costs, inspection fee and non-refundable Customer Service Charge are payable upon acceptance of Application for Service. If a new service is installed during the season, the Customer Service Charge will be applied on a prorated basis. Thereafter, the Customer Service Charge is payable in advance before service is connected for the season.

Existing Services: A Customer Service Charge is payable in advance before service is connected for the season. The Customer Service Charge shall be prorated for customers not taking lawn sprinkler service for the entire season. Whenever a customer has been found to have activated their lawn sprinkler service without having paid the appropriate Customer Service Charge in advance, the Customer Service Charge will be retroactive to May 1st.

Charge for water consumed is payable upon presentation of bill. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Meters may be read monthly, quarterly or seasonally at the option of the Corporation. The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2013

LEAF NO.: 65
REVISION: 5
SUPERSEDING REVISION: 4

SERVICE CLASSIFICATION NO. 4

Applicable to the Use of Service for:

Public Fire Protection

Character of Service:

Continuous

Rate:

Public Fire Hydrants \$714.36 per hydrant per year

Minimum Charge:

None

Terms of Payment:

In arrears, monthly or quarterly, at the option of the Corporation. If hydrants are installed within the billing period, the charges will be prorated. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term:

One year and to continue from year to year thereafter, unless terminated by thirty days notice.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2013

LEAF NO.: 66
REVISION: 5
SUPERSEDING REVISION: 4

SERVICE CLASSIFICATION NO. 5

Applicable to the Use of Service for:

Construction and other purposes when the supply of water is not metered.

Character of service: Continuous

1 - Water used in constructing one or two story dwellings:

	Unit	Rate
Frame	Each Structure	\$79.14
Frame and half stucco	Each Structure	105.51
All stucco, cement or cinder block, hollow tile, brick veneer or various combinations	Each Structure	\$131.88
Brick	Each Structure	158.24

2 - Structures other than dwellings

Concrete, stone, terra cotta	Per cu. yd. of masonry	\$0.89
Other masonry		
Brick	Per 1,000 bricks	1.67

3 - Road Construction

Concrete, macadam or other roads	Per 100 sq. ft.	\$3.08
Sidewalk	Per 100 sq. ft.	3.08
Curbing	Per 100 sq. ft.	3.28

4 - Flooding Ditches

Ditch 2 ft by 3 ft - \$16.57 per 100 lineal feet
(Proportionate charges for excess of above)

5 - Jetting Planks

Minimum rate - \$17.46 for four or less planks
First four planks \$17.46, thereafter \$1.23

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2013

LEAF NO.: 67
REVISION: 5
SUPERSEDING REVISION: 4

SERVICE CLASSIFICATION NO. 5 (Continued)

6 - Jetting Spiles

Minimum rate \$17.46 four or less spiles
First four spiles \$17.46, thereafter \$2.64

7 - Water drawn from hydrants for the purposes other than fire protection
and for purposes other than specified above.

Rate: \$0.43300 per 100 gallons

Minimum charge of \$86.71 payable in advance for which the customer will be entitled to use 20,000 gallons of water in the period stated in the permit. Water in excess of such allowances will be billed at the rate above stated, at the expiration of the permit, and the bill thereof will be due and payable when rendered. The quantities of water used will be estimated.

Hydrant Permits

(In addition to above charges)

Per hydrant	\$17.46 per day
For services of Inspector (when required by Company)	131.88 per day

Terms of Payment:

Net Cash. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term: None

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2013

LEAF NO.: 68
REVISION: 5
SUPERSEDING REVISION: 4

SERVICE CLASSIFICATION NO. 6

Applicable to the Use of Service for:

Private Fire Protection – Risers for hose connections and/or sprinkler heads.

Character of Service: Continuous

Rate: Flat

Through 2” fire service connection or less	\$43.17 per quarter
Through 3” fire service connection or less	\$107.90 per quarter
Through 4” fire service connection or less	\$215.83 per quarter
Through 6” fire service connection or less	\$431.66 per quarter
Through 8” fire service connection or less	\$863.25 per quarter
Through 10” fire service connection or less	\$1,726.64 per quarter
Through 12” fire service connection or less	\$3,453.29 per quarter
Through 16” fire service connection or less	\$6,906.57 per quarter

Minimum Charge: As above

Terms of Payment: Quarterly in advance. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term: Agreement effective for a term of not less than one year. Service may be discontinued after one year upon ten (10) days prior notice to the Corporation.

Special Provisions:

- (a) Each fire service installation is to be used solely and exclusively for fire protection. Water for any other purpose shall not be drawn from a private fire service connection, except that the Corporation will permit the use of water for test purposes upon three (3) days prior notification to the Corporation. The use of water in violation of the terms of this provision shall result in cancellation of service under this classification, whereupon the customer shall be rendered service under General Water Service Classification No. 1 and shall pay the rates set forth therein.
- (b) The Corporation reserves the right to install a meter at any time.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2013

LEAF NO.: 69
REVISION: 5
SUPERSEDING REVISION: 4

SERVICE CLASSIFICATION NO. 6 (Continued)

- (c) The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2014

LEAF NO.: 60
REVISION: 6
SUPERSEDING REVISION: 5

SERVICE CLASSIFICATION NO. 1

Applicable to the Use of Service for: General Water Service – Residential
Character of Service: Continuous

Rates:	<u>Meters Read and Billed Monthly</u>	
<u>Summer</u>		
May 1 through September 30	First 5,000 gal.	\$0.38974 per 100 gal.
	Over 5,000 gal.	0.48751 per 100 gal.
<u>Winter</u>		
October 1 through April 30	All consumption	\$0.38974 per 100 gal.

The allowed water quantities in the first block will be prorated on a daily basis.

<u>Meter Size</u>	<u>Customer Service Charge</u> <u>Monthly</u>
5/8"	\$10.44
3/4"	11.92
1"	14.19
1 1/2"	27.61
2"	30.99

The customer service charge applies to both seasons, will be included in each bill and will be charged on a daily basis if meter reading is outside of the billing window.

Terms of Payment: Net Cash. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2014

LEAF NO.: 61
REVISION: 6
SUPERSEDING REVISION: 5

SERVICE CLASSIFICATION NO. 1A

Applicable to the Use of Service for: General Water Service – Commercial & Industrial
Character of Service: Continuous

Rates:

Meters Read and Billed Monthly

Summer

May 1 through September 30

First 34,000 gal. \$0.48751 per 100 gal.
Over 34,000 gal. 0.38974 per 100 gal.

Winter

October 1 through April 30

First 34,000 gal. \$0.38974 per 100 gal.
Over 34,000 gal. 0.32495 per 100 gal.

Customer Service Charge

<u>Meter Size</u>	<u>Monthly</u>
5/8"	\$10.44
3/4"	11.92
1"	14.19
1 1/2"	27.61
2"	30.99
3"	67.63
Compound 3"	106.27
Compound 4"	121.05
Compound 6"	120.75
Compound 8"	163.20
5/8" & 2"	32.63
1" & 1 1/2"	33.82
1 1/2" & 1 1/2"	41.82
1 1/2" & 2"	45.20
2" & 2"	48.59
3" & 3"	188.68
4" & 4"	218.22

The customer service charge applies to both seasons, will be included in each bill and will be charged on a daily basis if meter reading is outside of the billing window.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2014

LEAF NO.: 62
REVISION: 6
SUPERSEDING REVISION: 5

SERVICE CLASSIFICATION NO. 1A (Continued)

Terms of Payment: Net Cash. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term: Service may be discontinued on 48 hours notice to the Corporation.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2014

LEAF NO.: 63
REVISION: 6
SUPERSEDING REVISION: 5

SERVICE CLASSIFICATION NO. 2

Applicable to the Use of Service for:

Private Fire Hydrant Service when the existing facilities (mains, etc.) of the Company are adequate for supply, and where the hydrant is to be used for fire purposes only.

Character of Service:

Continuous

Rate: \$729.93 per hydrant per year

Terms of Payment:

Upon acceptance of customer's application for service, a sum of \$729.93 is to be paid covering the first year of service, and thereafter \$729.93 is to be paid annually in advance.

A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term:

Five years minimum, thereafter until cancelled by 60 days written notice.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2014

LEAF NO.: 64
REVISION: 6
SUPERSEDING REVISION: 5

SERVICE CLASSIFICATION NO. 3

Applicable to the Use of Service for: Lawn Sprinkler Service

- A. Lawn Sprinkler Systems supplied by an existing service line installed prior to March 15, 1947 which supplies both lawn sprinkling systems and general service.
- B. Lawn Sprinkler Systems installed on or after March 15, 1947.

Character of Service: Seasonal (May 1st through October 31st)

See Section VII for Lawn Sprinkler responsibility and details.

For all quantities used in each season, the following rate applies: \$0.48751 per 100 gallons.

<u>Customer Service Charge</u> <u>Season: May 1st to October</u> <u>31st</u> <u>Meter Size</u>	<u>Per Season</u>
1"	\$154.39
1½"	273.12
2"	313.72

TERMS OF PAYMENT:

New Service: Service construction costs, inspection fee and non-refundable Customer Service Charge are payable upon acceptance of Application for Service. If a new service is installed during the season, the Customer Service Charge will be applied on a prorated basis. Thereafter, the Customer Service Charge is payable in advance before service is connected for the season.

Existing Services: A Customer Service Charge is payable in advance before service is connected for the season. The Customer Service Charge shall be prorated for customers not taking lawn sprinkler service for the entire season. Whenever a customer has been found to have activated their lawn sprinkler service without having paid the appropriate Customer Service Charge in advance, the Customer Service Charge will be retroactive to May 1st.

Charge for water consumed is payable upon presentation of bill. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Meters may be read monthly, quarterly or seasonally at the option of the Corporation. The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2014

LEAF NO.: 65
REVISION: 6
SUPERSEDING REVISION: 5

SERVICE CLASSIFICATION NO. 4

Applicable to the Use of Service for:

Public Fire Protection

Character of Service:

Continuous

Rate:

Public Fire Hydrants \$729.93 per hydrant per year

Minimum Charge:

None

Terms of Payment:

In arrears, monthly or quarterly, at the option of the Corporation. If hydrants are installed within the billing period, the charges will be prorated. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term:

One year and to continue from year to year thereafter, unless terminated by thirty days notice.

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2014

LEAF NO.: 66
REVISION: 6
SUPERSEDING REVISION: 5

SERVICE CLASSIFICATION NO. 5

Applicable to the Use of Service for:

Construction and other purposes when the supply of water is not metered.

Character of service: Continuous

1 - Water used in constructing one or two story dwellings:

	Unit	Rate
Frame	Each Structure	\$80.87
Frame and half stucco	Each Structure	107.81
All stucco, cement or cinder block, hollow tile, brick veneer or various combinations	Each Structure	\$134.76
Brick	Each Structure	161.69

2 - Structures other than dwellings

Concrete, stone, terra cotta	Per cu. yd. of masonry	\$0.91
Other masonry		
Brick	Per 1,000 bricks	1.71

3 - Road Construction

Concrete, macadam or other roads	Per 100 sq. ft.	\$3.15
Sidewalk	Per 100 sq. ft.	3.15
Curbing	Per 100 sq. ft.	3.35

4 - Flooding Ditches

Ditch 2 ft by 3 ft - \$16.93 per 100 lineal feet
(Proportionate charges for excess of above)

5 - Jetting Planks

Minimum rate - \$17.84 for four or less planks
First four planks \$17.84, thereafter \$1.26

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2014

LEAF NO.: 67
REVISION: 6
SUPERSEDING REVISION: 5

SERVICE CLASSIFICATION NO. 5 (Continued)

6 - Jetting Spiles

Minimum rate \$17.84 four or less spiles
First four spiles \$17.84, thereafter \$2.70

7 - Water drawn from hydrants for the purposes other than fire protection
and for purposes other than specified above.

Rate: \$0.44200 per 100 gallons

Minimum charge of \$88.60 payable in advance for which the customer will be entitled to use 20,000 gallons of water in the period stated in the permit. Water in excess of such allowances will be billed at the rate above stated, at the expiration of the permit, and the bill thereof will be due and payable when rendered. The quantities of water used will be estimated.

Hydrant Permits

(In addition to above charges)

Per hydrant	\$17.84 per day
For services of Inspector (when required by Company)	134.76 per day

Terms of Payment:

Net Cash. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term: None

The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2014

LEAF NO.: 68
REVISION: 6
SUPERSEDING REVISION: 5

SERVICE CLASSIFICATION NO. 6

Applicable to the Use of Service for:
Private Fire Protection – Risers for hose connections and/or sprinkler heads.
Character of Service: Continuous

Rate: Flat

Through 2” fire service connection or less	\$44.11 per quarter
Through 3” fire service connection or less	\$110.25 per quarter
Through 4” fire service connection or less	\$220.54 per quarter
Through 6” fire service connection or less	\$441.07 per quarter
Through 8” fire service connection or less	\$882.07 per quarter
Through 10” fire service connection or less	\$1,764.28 per quarter
Through 12” fire service connection or less	\$3,528.57 per quarter
Through 16” fire service connection or less	\$7,057.14 per quarter

Minimum Charge: As above

Terms of Payment: Quarterly in advance. A late payment charge of 1.5% per month will be assessed on the balance of any bill for service which has not been paid in full within 20 calendar days of the date payment was due.

Term: Agreement effective for a term of not less than one year. Service may be discontinued after one year upon ten (10) days prior notice to the Corporation.

Special Provisions:

- (a) Each fire service installation is to be used solely and exclusively for fire protection. Water for any other purpose shall not be drawn from a private fire service connection, except that the Corporation will permit the use of water for test purposes upon three (3) days prior notification to the Corporation. The use of water in violation of the terms of this provision shall result in cancellation of service under this classification, whereupon the customer shall be rendered service under General Water Service Classification No. 1 and shall pay the rates set forth therein.
- (b) The Corporation reserves the right to install a meter at any time.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2014

LEAF NO.: 69
REVISION: 6
SUPERSEDING REVISION: 5

SERVICE CLASSIFICATION NO. 6 (Continued)

- (c) The above rates are subject to the state and applicable local gross revenue taxes as set forth in the current tax statements with this Schedule.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

Appendix D

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

STATEMENT TYPE: RPCRC
STATEMENT No.: 2

GENERAL INFORMATION

STATEMENT #1

Revenue and Production Cost Reconciliation Adjustment Clause and Property Tax Clause #1

Applicable to all Metered Customers in Service Classifications 1, 1A and 3.

Commission Order in Case 07-W-0508, dated March 5, 2008, directed that the rates applicable to all metered customer accounts, as defined above, be subject to automatic adjustment by way of a surcharge, or credit, based on the difference between the actual net revenues (operating revenues less production costs) for the preceding rate year and the net revenue target as estimated in the most recent rate case. The difference is then surcharged (or credited) to be recovered (or refunded) over the ensuing year. In the following proceeding, Case 11-W-0200, target levels for revenues, production costs and property taxes were set for future years as follows, with the levels from the third rate year carrying forward for all future years until new target levels are set in the next rate proceeding (the revenue numbers below do not include net RAC adjustments for the rate year ending March 31, 2013 of (\$40,303) (\$8,977 for the Service Centers and (\$49,280) for Demutualization) from the Commission decision on 11/20/2002 in Cases 02-W-0054 and 02-W-0056):

Year Ending	March 31, 2013	March 31, 2014	March 31, 2015
Revenues	\$47,549,412	\$48,807,844	\$49,869,621
Production Costs	\$3,953,224	\$4,032,684	\$4,118,580
Property Taxes	\$11,893,414	\$12,132,472	\$12,390,893

The surcharge/credit for the year ending March 31, 2013 is calculated as follows:

The actual net revenues for the year ended March 31, 2013 of \$ was compared to the target level set forth above. The difference, including accrued interest, results in a surcharge/credit to customers of \$

The net amount to be surcharged/refunded to customers derived from the calculation described above, during the ensuing year ending March 31, 2014 is: \$

Since the total number of metered customers is:

The surcharge/credit per customer amounts to: \$

In accordance with the property tax mechanism set forth in the settlement agreement approved by the Commission in Case 07-W-0508, the PSC has permitted the company to reconcile property taxes. For the rate year ended March 31, 2013, such reconciliation resulted in a surcharge/credit to customer of \$ As a result, the net surcharge/credit to each customer's bill amounts to \$

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

STATEMENT TYPE: RPCRC
STATEMENT No.: 2

GENERAL INFORMATION

STATEMENT #1

Revenue and Production Cost Reconciliation Adjustment Clause and Property Tax Clause #1 (cont'd)

Any refunds due ratepayers from any net over-recovery in the rate year will be credited to customers' bills in the earliest month, as administratively practical, of the following rate year. Customer bills will be surcharged, no greater than \$4 per customer per month, to recover any deferral of cost recovery in the rate year beginning in the earliest month, as administratively practical, of the following rate year and continue each month thereafter, as necessary, until the entire deferral is recovered. Should the \$4 per customer per month surcharge limit be inadequate to fully recover any deferred costs prior to the end of the following rate year, the limit will be waived. For sprinkler customers there will be a one time credit/surcharge. Any credit/surcharge is subject to the applicable local gross revenue taxes as set forth in the current tax statements.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

Appendix E

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

STATEMENT TYPE: SIC
STATEMENT No.: 3

GENERAL INFORMATION
SYSTEM IMPROVEMENT CHARGE (SIC)

The SIC mechanism will apply to costs associated with the construction of specific reviewed and approved projects. The mechanism will allow recovery of carrying costs (i.e., return and depreciation expense) on specific projects placed in service in Rate Year Two, Rate Year Three and beyond. The use of the SIC mechanism is approved for the following projects:

- Iron removal facilities at Plant 15
- Storage tank rehabilitation at Plant 13
- Plant 5 common suction well rehabilitation, Phase 2 and
- Business transformation EAM/CIS

System Improvement Charge

When the Company has incurred actual expenditures for projects listed above and the new facilities have been placed in service, then the amount of those expenditures (net of the associated (1) retirements, including cost of removal and any related tax benefits, (2) accumulated deferred income taxes (“ADIT”), and (3) accumulated depreciation reserve, i.e., the net rate base [“NRB”]) will constitute the incremental rate base investment subject to the SIC.

The SIC filing will be made within 30 days after the project has been placed into service. The Company will provide Staff with detailed project information regarding the SIC (such as in-service dates, actual expenditures incurred, retirements, etc.). Staff will have 60 days to analyze and verify such data.

The formula for the calculation of the SIC surcharge is as follows:

$$\text{SIC surcharge} = ((\text{NRB} \times \text{Pre-tax ROR}) + D) / \text{AR}$$

Where:

NRB	=	the cost of the specific approved facilities listed above, net of associated (1) retirements, including cost of removal and any related tax benefits, (2) ADIT and (3) accumulated depreciation reserve
Pre-tax ROR	=	10.14%
D	=	the annual depreciation expense on the net additions
AR	=	LIAW’s projected annual metered revenues.

Effective with this statement, the SIC surcharge is X.XX%.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

STATEMENT TYPE: SIC
STATEMENT No.: 3

GENERAL INFORMATION

SYSTEM IMPROVEMENT CHARGE (SIC) – (cont'd.)

Safeguards

A reconciliation between authorized collections and actual collections related to the SIC surcharge will be conducted annually and filed with the Secretary to the Commission within 60 days of the end of each rate year. Any under collections or over collections will accrue interest at the customer deposit interest rate established by the Commission each year. Adjustments of under collections and over collections, as well as updates related to accumulated depreciation reserve, will be reflected in the next SIC surcharge filing.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY

Appendix F

**Long Island American Water
DSIC Main Replacement Program 2012-2014**

Job #	Street Name	Town	Pipe Diameter	Estimated Footage
1	Acapulco St	Atlantic Beach	16	330
2	Park St	Atlantic Beach	8	725
3	Ocean Blvd - Phase III - (Suffolk Blvd to Yates Ave)	Atlantic Beach	12	1,575
4	Oneida Ave	Atlantic Beach	8	680
5	Bayfront Dr	Baldwin	8	550
6	Brook Ct	Baldwin	6	300
7	Brookside Dr	Baldwin	6	375
8	Laurel Ct	Baldwin	6	300
9	Lincoln Ave	Baldwin	8	3,560
10	Marion Pl	Baldwin	6	250
11	Miller Pl	Baldwin	8	550
12	Northern Blvd - Harbor Ct	Baldwin	8	1,000
13	N. Seaman Ave	Baldwin	8	775
14	Southard St	Baldwin	8	470
15	Stowe Ave	Baldwin	8	75
16	Chatham Ct	Bay Park	6	215
17	Cooke St East	Bay Park	6	230
18	Court St West	Bay Park	6	150
19	Evans St West	Bay Park	6	190
20	Hudson St West	Bay Park	6	180
21	Kirgan Court	Bay Park	6	315
22	Lawrence St - Phase II - (East of Lawson Ave.)	Bay Park	8	1,050
23	Martin St West	Bay Park	6	175
24	Sampson St West	Bay Park	6	225
25	Sperry St West	Bay Park	6	220
26	Teaticket Ct	Bay Park	6	235
27	West Blvd	Bay Park	6	185
28	Yarmouth Rd	Bay Park	6	175
29	Central Pl	Cedarhurst	6	180
30	Columbia St	Cedarhurst	16	1
31	Fifth Ave	Cedarhurst	8	360
32	Grove Ave	Cedarhurst	8	350
33	Linwood Ave	Cedarhurst	8	1,050
34	Madison Ave	Cedarhurst	8	400
35	Cail Dr	East Rockaway	12	980
36	Franklin St - Phase II	East Rockaway	8	1,410
37	Lester Dr	East Rockaway	6	190
38	Malecon St	East Rockaway	8	210
39	Roxbury Rd	East Rockaway	8	300
40	Daub Av	Hewlett	8	260
41	Franklin Pl	Hewlett	8	200
42	Hewlett Parkway	Hewlett	8	305
43	Westervelt Pl	Hewlett	8	495
44	12" Transmission Main Cedar Ave	Hewlett Bay Park	12	1,235
45	12" Transmission Main Harbor Rd	Hewlett Harbor	12	3,815
46	Smith Ln S/O Hewlett Neck Rd	Hewlett Neck	6	1,000
47	Christina St	Inwood	8	415
48	Doughty Blvd	Inwood	8	360
49	Gates St	Inwood	12	490
50	Lawrence Ave	Inwood	8	880
51	Zavatt St	Inwood	8	920
52	Beach Ave Shopping Center	Island Park	8	800
53	Hastings Rd	Island Park	8	460
54	Nassau Ln.	Island Park	8	3,875
55	Newport Rd	Island Park	8	620
56	Quebec Rd - Phase II	Island Park	12	1,500
57	Quebec Rd - Phase III (S/O Lancaster Pl)	Island Park	8	1,380
58	Redfield Rd	Island Park	8	360
59	Suffolk Rd	Island Park	12	2,800
60	Hempstead Ave (Walker Pl)	Lakeview	8	50
61	Bannister Ln.	Lawrence	8	850
62	Barrett Rd - Phase I	Lawrence	8	1,500
63	Barrett Rd - Phase II	Lawrence	8	1,500
64	Briarwood Crossing	Lawrence	8	850
65	Burton Lane	Lawrence	8	1,350

**Long Island American Water
DSIC Main Replacement Program 2012-2014**

Job #	Street Name	Town	Pipe Diameter	Estimated Footage
66	Chauncey Ln - Phase I	Lawrence	8	800
67	Chauncey Ln - Phase II	Lawrence	8	1,000
68	Herrick Dr.	Lawrence	8	200
69	Longwood Crossing - Phase II	Lawrence	8	850
70	Lord Ave	Lawrence	12	1,600
71	Muriel Ave & Donmoor Rd	Lawrence	8	1,850
72	Ocean Ave	Lawrence	8	1,100
73	Sealy Ct	Lawrence	8	525
74	Sterling Pl	Lawrence	6	200
75	Elm St	Lynbrook	8	1,000
76	Evergreen Ave	Lynbrook	8	300
77	Irwin Ct - Phase II - (Peninsula Blvd)	Lynbrook	12	1,025
78	Langdon Pl	Lynbrook	8	920
79	Ocean Ave	Lynbrook	20	500
80	Olive Pl	Lynbrook	6	635
81	Peninsula Blvd	Lynbrook	12	1,025
82	Horton St	Malverne	8	1,200
83	Lexington Ave	Malverne	8	1,360
84	Nassau Blvd	Malverne	8	1,475
85	Harold St / Anchor Pl	Oceanside	6	1,375
86	Lake St	Oceanside	6	300
87	Montgomery Ave	Oceanside	8	550
88	Moore Ave	Oceanside	6	100
89	Oceanside Rd	Oceanside	8	5,500
90	Perkins Ave	Oceanside	6	120
91	Ralph Ave	Oceanside	6	170
92	Riverside Dr	Oceanside	8	350
93	W. Cortland Ave	Oceanside	6	165
94	Brookside Ave	Roosevelt	8	300
95	Benedict Ave	Valley Stream	8	1,175
96	Clinton St.	Valley Stream	6	110
97	Dean St	Valley Stream	6	350
98	E. Argyle St.	Valley Stream	8	1,300
99	E. Fairview Ave	Valley Stream	6	390
100	E. Maujer St.	Valley Stream	8	1,200
101	E. Mineola Ave.	Valley Stream	6	425
102	E. Oxford St.	Valley Stream	6	175
103	E. St. Marks Pl.	Valley Stream	8	1,025
104	E. Valley Stream Blvd	Valley Stream	6	100
105	Fraser Pl	Valley Stream	6	400
106	Fulton Pl	Valley Stream	8	200
107	Gold St	Valley Stream	8	325
108	Gordon Rd	Valley Stream	8	1,000
109	Gregory St	Valley Stream	6	160
110	Hicks St	Valley Stream	6	190
111	Manor Rd.	Valley Stream	6	175
112	Melrose St	Valley Stream	6	50
113	Peninsula Blvd & Rockaway Tpke	Valley Stream	24	1
114	South Dr.	Valley Stream	8	1,300
115	Spruce Ln.	Valley Stream	6	260
116	W. Argyle St.	Valley Stream	6	650
117	W. Chester St.	Valley Stream	6	460
118	W. Euclid St.	Valley Stream	6	400
119	W. Fairview Ave.	Valley Stream	8	315
120	W. Jamaica Ave	Valley Stream	6	310
121	W. Lincoln Ave. & Hicks St.	Valley Stream	6	530
122	W. Oxford St.	Valley Stream	8	510
123	W. St. Marks Pl.	Valley Stream	8	1,000
124	Chapman Ave	Woodmere	8	620

Appendix G

PSC No. 1 - WATER
COMPANY: LONG ISLAND WATER CORPORATION d/b/a
LONG ISLAND AMERICAN WATER
INITIAL EFFECTIVE DATE: APRIL 1, 2012

STATEMENT TYPE: FDR
STATEMENT No.: 1

GENERAL INFORMATION

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE FINAL RECONCILIATION SURCHARGE STATEMENT (FDR)

Applicable to all Metered Customers

As authorized in Case No. 04-W-0577 and later amended in Case No. 07-W-0508, the Distribution System Improvement Charge (DSIC) Surcharge is subject to an annual reconciliation between authorized collections and actual collections to be filed within 60 days of the end of the rate year. Any over/(under) collections with accrued interest will be reflected in the next surcharge filings. Effective April 1, 2012 in Case No. 11-W-0200, the DSIC Surcharge will cease to exist.

As authorized in this case, the following reconciled amount will be surcharged or credited:

DSIC Over/(Under) Collected Cumulative Balance with Interest:

Period Ended 03/31/12

\$ XX,XXX

The total amount of \$ XX,XXX (which includes accrued applicable interest) will be surcharged or credited via a one-time surcharge or credit, calculated by dividing the total DSIC Over/(Under) Collected Cumulative Balance with Interest by the total number of metered customers. The one-time, final surcharge or credit will commence 45 days from the date of the filing. The FDR calculation with workpapers will be submitted to the Secretary to the Commission within 60 days of March 31, 2012. The submitted surcharge or credit will be reviewed by Staff and go into effect 45 days after the submittal unless Staff submits a letter to the Company indicating that the reconciliation amount should be adjusted.

The one-time FDR surcharge to be applied to all Metered Customer bills shall be \$ X.XX and be subject to all revenue-based taxes.

Issued in compliance with Commission Order issued and effective March XX, 2012 in Case 11-W-0200.

Issued by: William M. Varley, President, 733 Sunrise Highway, Lynbrook, NY