

STATE OF NEW YORK

Public Service Commission

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NEW RATES ESTABLISHED FOR LONG ISLAND WATER CORP.

— Rate Increase for Metered Customers; \$15.8M in Plant Improvements —

Albany, NY—03/15/12—The New York State Public Service Commission (Commission) today adopted the terms of a Joint Proposal for Long Island Water Corp. d/b/a Long Island American Water (LIAW) regarding rates for water service. The Commission established a new three-year rate plan starting April 1, 2012. LIAW serves approximately 75,000 customers in the Town of Hempstead, Nassau County.

Under the new rate plan, the annual bill for a LIAW residential customer with a 5/8" meter using 72,000 gallons per year will increase 2.48 percent to \$391.73, in the first rate year; 2.63 percent to \$402.05 in the second year; and 2.17 percent to \$410.78 in the third year. Rates were last set in March 2008. The plan also includes designation of future plant additions whose costs may be recovered through LIAW's system improvement charge; and a formula for customer sharing of earnings in excess of a 10.2 percent return on equity.

In response to customer complaints about water discoloration most likely caused by high iron content, the Commission is directing LIAW to collaborate with customers and staff of the Department of Public Service to pinpoint the sources of the problem and identify whatever remedies may be needed. Under the rate plan, a major investment for this purpose will be the completion of a new iron filtration plant by the end of 2013.

Additionally, LIAW 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. The Commission is directing that the outreach efforts include a process to encourage reports from customers regarding water quality issues.

The Joint Proposal was filed with the Commission by LIAW, staff of the Department of Public Service, and the Utility Intervention Unit of the New York Department of State's Division of Consumer Protection.

The Commission's decision, when issued, may be obtained by going to the Commission's www.dps.ny.gov Web site and entering Case11-W-0200 in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).