

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

REVISED NOTICE OF PUBLIC STATEMENT HEARINGS ON
LONG ISLAND WATER CORPORATION'S
PROPOSAL TO INCREASE WATER RATES

CASE 11-W-0200

(Issued December 2, 2011)

The New York State Public Service Commission seeks public comments on a proposed alternative to a rate request filed by Long Island Water Corporation (d/b/a Long Island American Water (LIAW)). In an application filed with supporting evidence April 29, 2011, LIAW requested a rate increase calculated to increase its annual revenues by \$9.6 million (19.5%) for the year ending March 31, 2013. After reducing or eliminating various surcharges separate from base rates, the net effect of the proposal would be an increase of \$6.5 million (13.2%). The company claimed to require additional revenue to provide an opportunity to earn a fair return on plant investment after allowing for increased costs, primarily property taxes and depreciation and capital costs associated with major plant additions.

In opposition, responsive testimony and exhibits were filed September 12, 2011 by Trial Staff of the N.Y.S. Department of Public Service. Staff's filing advocated a net revenue decrease of \$0.5 million (1.0%). LIAW filed rebuttal testimony and exhibits October 3, 2011, as well as updated information.

The parties then entered negotiations which resulted in a new rate proposal to the Commission, filed jointly on November 28, 2011 by LIAW; Trial Staff; and the Utility Intervention Unit, Division of Consumer Protection, N.Y.S. Department of State. Under the terms of the negotiated joint proposal, the Commission would set rates for three consecutive years starting April 1 of 2012, 2013, and 2014. Each year's rates would be designed to increase the company's annual net revenues by \$1.4 million (2.8%), \$1.4 million (2.6%), and \$1.2 million (2.2%) in the first, second, and third years respectively. Bills for a typical residential customer would

increase 2.5%, 2.6%, and 2.2% in the first, second, and third years.

Among the other proposed provisions is a \$0.9 million offset to the company's revenue requirement over the three years, to reflect synergy savings from the acquisition of the New York assets of Aqua New York, Inc. by LIAW's parent, American Water; a process for adjusting rates to reflect any additional Aqua synergy savings; designation of future plant additions whose cost may be recovered through the company's System Improvement Charge; elimination of the company's Distribution System Improvement Charge; and a formula for customer sharing of earnings, if any, in excess of a 10.2% return on common equity.

The N.Y.S. Public Service Law requires that the Commission decide the case by March 27, 2012. The Commission may approve, modify, or reject the joint proposal's terms in whole or in part.

Public statement hearings on these matters will be held before Rafael A. Epstein, the Administrative Law Judge assigned by the Commission to hear this case, as follows:

Hempstead Tuesday, December 13, 2011
3:00 p.m. and 7:00 p.m.

Nathan L. H. Bennett Pavilion
adjacent to Hempstead Town Hall
One Washington Street
Hempstead, NY 11550

There will be an opportunity for informal discussion before each hearing session. The 3:00 p.m. hearing session will adjourn at 6:00 p.m. The 7:00 p.m. session will adjourn no earlier than 8:00 p.m. and will remain open until everyone wishing to speak has been heard or other reasonable arrangements are made. To speak at the hearings, it is not necessary to make an appointment in advance or present written material. Persons will be called to speak after completing a request card. All comments at the hearings will be transcribed and become part of the Commission's formal record.

Disabled persons requiring special accommodations should contact the Department of Public Service's Human Resource Management Office at 518-474-2520 as soon as possible. TDD users can contact that office to request a sign language interpreter, by placing a call through the New York Relay Service at 711.

Other Ways to Comment

Writing: Those who cannot attend or prefer not to speak at a public statement hearing may comment electronically to Hon. Jaclyn A. Brillling, Secretary, at *secretary@dps.ny.gov* or by mail or delivery to Secretary Brillling at Public Service Commission, Three Empire State Plaza, Albany, New York 12223-1350. Your comment should refer to "Case 11-W-0200 - Long Island Water - Rates."

Toll-Free Opinion Line: You may call the Commission's Opinion Line at 1-800-335-2120. This number is set up to take comments about pending cases from in-state callers, 24 hours a day. Callers should select English or Spanish and press "1" to leave comments about the Long Island Water rate proposal.

All comments by these methods must be received by the Secretary no later than February 15, 2012. All such comments, together with all statements transcribed at the public statement hearings, will become part of the record, will be posted for public viewing on the Commission's website at *www.dps.ny.gov*, and will be reported to the Commission for its consideration.

In addition to the statements and comments, all testimony, exhibits, and other documents issued or submitted in this case can be found on the above website by searching for Case 11-W-0200. Many libraries offer free Internet access.

This matter is being heard in *Case 11-W-0200, 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.*

JACLYN A. BRILLING
Secretary