

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 09-W-0731 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of United Water New York Inc.

CASE 09-W-0824 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of United Water New Rochelle Inc. for Water Service.

CASE 09-W-0828 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of United Water Westchester Inc. for Water Service.

CASE 13-W-0295 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of United Water New York Inc. for Water Service

NOTICE SOLICITING COMMENTS ON
STAFF REPORT ON THE PROPERTY TAX RECONCILIATION FILINGS

(Issued August 26, 2015)

TAKE NOTICE that the New York State Public Service Commission (Commission) invites comments on the "Department of Public Service Staff Report on the Property Tax Reconciliation Filings by the United Water Companies," filed on August 26, 2015 in the above referenced proceedings. In this Report, the Department of Public Service Staff (Staff) reviews and recommends changes to the property tax reconciliation filings for United Water New York, Inc. (UWNY), United Water New Rochelle, Inc. (UWNR), and United Water Westchester, Inc. (UWW). Comments may be filed by Monday, September 28, 2015.

On February 10, 2015, the Commission issued an Order¹ addressing a petition for rehearing in the most recent rate

¹ Case 13-W-0295, United Water New York, Inc. - Rates, Order Regarding Petition for Rehearing (issued February 10, 2015) (Rehearing Order).

filing of UWNY. Addressing a challenge to its treatment of UWNY's property tax expense², the Commission noted that,

UWNY's property taxes from past years are subject to a reconciliation mechanism that was established in its prior rate plan, pursuant to which the forecasted amounts included in the rate plan are "trued up" to the actual amounts, with deviations credited either to the Company or ratepayers, as the case may be. DPS staff's audit of UWNY's proposed reconciliation of past periods is ongoing. If, in the course of that audit, DPS staff were to find that UWNY acted imprudently with respect to its taxes, DPS staff could recommend to the Commission that adjustments to the reconciliation be made to account for such imprudence or that further process be conducted to achieve that result, as necessary.³

Staff has completed its audit of UWNY's property reconciliation mechanism filing under its prior rate plan⁴, as well as the filings of UWNY's sister companies UWNR and UWW, which have similar EO issues and reconciliation mechanisms in place.⁵ As detailed in its report, Staff concludes that UWNY, UWNR and UWW (collectively, the Companies) unreasonably failed to pursue EO adjustments before ORPTS, which resulted in ratepayers paying inflated levels of property taxes for the

² UWNY had failed to make economic obsolescence (EO) filings with the Office of Real Property Tax Services (ORPTS), which would have resulted in lower property tax assessments. See Case 13-W-0295, supra, Order Establishing Rates (issued June 26, 2014) (Rate Order).

³ Rehearing Order, p. 11.

⁴ Case 09-W-0731, United Water New York Inc. - Rates, Order Adopting Joint Proposal as Modified and Establishing a Three-Year Rate Plan (issued July 20, 2010).

⁵ See Case 09-W-0824, United Water New Rochelle Inc. - Rates, Order Adopting Terms of the Joint Proposal and Establishing a Four-Year Rate Plan (issued October 15, 2010); and Case 09-W-0828, United Water Westchester Inc. - Rates, Order Adopting Terms of Joint Proposal as Revised and Establishing a Multi-Year Rate Plan (issued October 15, 2010).

years under review. Staff calculates that making timely EO filings would have reduced property taxes for the Companies by approximately \$4 million. Since the Companies' reconciliation mechanisms allow the Companies to recover only 85% of under-collections, Staff is recommending that \$3.4 million, or 85% of the \$4 million in excess property taxes, be denied recovery through the Companies' reconciliation mechanisms.

The full text of the Staff Report may be viewed online at the Department of Public Service web page: www.dps.ny.gov by searching the case number, "09-W-0731."

If a party or commenter believes that additional process is needed before final action by the Public Service Commission, the type of process and the issue that would benefit from additional review should be identified in the comments.

All comments will become part of the record considered by the Commission. Written comments that have been posted may be read on the Web site by searching by the case number (09-W-0731) and clicking on the "Public Comments" tab.

Ways to Comment

There are several ways to provide your comments to the Commission. All comments should make reference to the case number, "Case 09-W-0731."

Via the Internet or Mail: The public may submit comments directly into the case file by locating the case via the home page of the Commission's website, www.dps.ny.gov, by clicking on "Search," and entering "09-W-0731" in the "Search by Case Number" field. In the open case, access the screen to enter comments by clicking on the "Post Comments" box located at the top of the page. Comments may also be filed electronically to the Hon. Kathleen H. Burgess, Secretary, at secretary@dps.ny.gov or by mail or delivery to Secretary Burgess at the New York

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State Public Service Commission, Three Empire State Plaza,
Albany, New York 12223- 1350. Many libraries offer free
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Toll-Free Opinion Line: Individuals may choose to
submit comments by calling the Commission's Opinion Line at 1-
800-335-2120. This line is set up to receive in-state calls 24-
hours a day. These calls are not transcribed but a summary is
provided to staff who will report to the Commission.
Individuals with difficulty understanding or reading English are
encouraged to call the Commission at 1-800-342-3377 for free
language assistance services regarding this notice.

(SIGNED)

KATHLEEN H. BURGESS
Secretary