

**NEW YORK RATE CHANGE**

**EXHIBIT FXS-3**

**New York American Water Company  
Summary of State Tax Rate Change**

	2013	2014	2015	2016	2017	2018
Input - Federal Rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
State Rate	8.63%	0.00%	0.00%	0.00%	0.00%	8.34%
Blended Rate	40.610%	35.000%	35.000%	35.000%	35.000%	40.421%
Inverse Rate	59.391%	65.000%	65.000%	65.000%	65.000%	59.579%

**Calculation of Reg Asset for the re-establishment of State Deferred Taxes:**

01/01/2018 Gross State Cum Temp Diff	\$	(178,079,151)	
State Income Tax Rate (including MTA)		8.34%	
Gross State Tax Effect		(14,851,801)	
Federal deduction for state taxes		5,198,130	
State Tax net of federal benefit (Reg Asset)		(9,653,671)	
Franchise Tax (2013-2014 assessment change)		(392,151)	
Total Reg Asset (before gross up)		(10,045,822)	
Grossed up Reg Asset NYAWC	\$	16,861,347	
Grossed up Reg Asset NYAWC - SA-1	\$	10,208,347	
Grossed up Reg Asset NYAWC - SA-2		6,653,000	
Total	\$	16,861,347	
Total Deferred Taxes SA-2 (Rate Year 1)	\$	39,722,559	60.54%
Total Deferred Taxes SA-1 (Rate Year 1)		25,888,049	39.46%
	\$	65,610,608	100.00%

**Calculation of the state income tax rate**

State Income Tax Rate	6.50%
MTA Surcharge (28.3%)	1.84%
State Income Tax Rate used in Rate Case	8.34%