July 1, 2024

VIA ELECTRONIC FILING

Honorable Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case Number 19-W-0168 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of SUEZ Water New York Inc., SUEZ Water Westchester Inc. and SUEZ Water Owego-Nichols Inc. for Water Service – System Improvement Charge ("SIC") Surcharge Filing

Dear Secretary Phillips:

On April 1, 2024, Veolia Water New York, Inc. (F/K/A SUEZ Water New York, Inc.) ("Company") submitted its System Improvement Charge as outlined in Case 19-W-0168. After Department of Public Service Commission Staff's review, the Company was requested to provide an updated filing with revised calculations. Please find below the updated calculations and statement.

If you or your staff have any questions, please feel free to contact me.

Sincerely,

/s/ Tim Michaelson

Tim Michaelson
Sr. Director – Regulatory Business

Veolia Water M&S (Paramus), Inc.
461 From Road, Suite 400
Paramus, New Jersey 07652
Timothy.michaelson@veolia.com
201-734-1722

www.veolianorthamerica.com

cc: Service List

Calculation of System Improvement Charge Surcharge - New York Rate District

New York Rate District	**March-24**	**April-24**	**May-24**	**Total Proj**	**RY4 Revenue**
Calendarization (Appdx 6 from 19-W-0160)	6.22%	6.52%	7.19%		109,088,991
Projected Metered Revenue	6,789,776	7,107,758	7,839,958		
Current SIC Surcharge %	0.46%	0.46%	0.46%		
Projected CSLSL Surcharge Revenue	31,233	32,696	36,064	**99,992**	

June 2023 - Feb 2024 Actual SIC Revenues	379,775
Total Projected SIC Revenues	479,768
Target (from RY3 Filing)	498,563
Projected undercollection / (overcollection)	18,796
Other Customer Capital Rate	5.51%
Interest on (over) / under collections	518
Surcharge Amount	19,314
Projected Revenues (RY1 23-W-0111)	116,902,393
Surcharge % - New York Rate District	**0.02%**

Veolia Water New York, Inc. **Exhibit B**
Case 19-W-0168 **Page 1 of 1**
Calculation of System Improvement Charge Surcharge - Westchester Rate District

	Water Main Replacement Projects
Cost of Projects	4,848,284
JP Project Allowance (page 12 of corrected JP 23-W-0111)	4,848,284
Plant Account	343
Book Depreciation Rate (Appendix 10 to the JP 23-W-0111)	1.52%
Annual Book Depreciation	73,694
Tax Depreciation - Public Utility (4%)	193,931
Book / Tax Difference	120,237
Deferred taxes @ 9.43% SIT and 21% FIT (effective rate 28.45%)	34,208
Net Rate Base	
Additions	4,848,284
less ADIT	(34,208)
less Accumulated Depreciation	(73,694)
Net Rate Base	4,740,383
Pre-Tax Rate of Return (page 27 of corrected JP 23-W-0111)	8.29%
Revenue Requirement on Rate Base	392,978
Annual Depreciation	73,694
Total Revenue Requirement	466,672
SIC Surcharge after Gross-Up 98.74% (page 27 of corrected JP 23-W-0111)	**472,627**
RY1 Metered Revenue (page 369 of 23-W-0111 Rate Order)	79,196,139
Surcharge percentage	**0.60%**

SYSTEM IMPROVEMENT SURCHARGE (SIC)

NEW YORK RATE DISTRICT

APPLICABLE TO USE OF SERVICE FOR TOWNS OF RAMAPO, HAVERSTRAW, STONYPOINT, CLARKSTOWN AND ORANGETOWN IN THE COUNTY OF ROCKLAND AND THE TOWNS OF TUXEDO, WARWICK AND MONROE IN THE COUNTY OF ORANGE, NEW YORK.

APPLICABLE TO USE OF SERVICE FOR RESIDENTIAL, COMMERCIAL, AND GENERAL USE CUSTOMERS IN CARMEL, SOUTHEAST, HILLTOP MEADOWS SUBDIVISION, TONETTA LAKE ROAD, NORTH BREWSTER ROAD, TOWN OF SOUTHEAST, DEVELOPMENT OF MISTY HILLS AND TOWN OF PATTERSON, PUTNAM COUNTY AND THE TOWN OF LEWISBORO, WESTCHESTER COUNTY..

APPLICABLE TO USE OF SERVICE FOR RESIDENTIAL AND NON-RESIDENTIAL USE CUSTOMERS IN THE TOWN OF SOMERS IN THE COUNTY OF WESTCHESTER, NEW YORK.

APPLICABLE FOR USE OF SERVICE FOR OWEGO, AND THE VILLAGE AND PARTS OF THE TOWN OF NICHOLS, TIOGA COUNTY, NEW YORK.

Applicable to all Metered Customers (Single Family Residential, Multi-Family Residential, Non-Residential & Service to Other Water Supply Systems)

Effective with this statement, the surcharge is 0.02%.

I. General Description

Purpose: To recover the carrying costs (i.e., return and depreciation expense) associated with the construction of specific reviewed and approved projects placed in service in Rate Year one and beyond.

Effective Date: The SIC will become effective for bills rendered on and after *XX/XX/XXXX*.

II. Computation of the SIC Surcharge

Calculation: When the Company has incurred actual expenditures for projects listed below 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 / accumulated amortization, 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 60 days after the project has been placed into service. The Company will provide Staff with the detailed project information regarding the SIC (such as in-service dates, actual expenditures incurred, retirements, etc.).

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SYSTEM IMPROVEMENT SURCHARGE (SIC) (Continued)

NEW YORK RATE DISTRICT

Formula: The formula for the calculation of the SIC Surcharge is as follows:

SIC Sucharges	=	((NRB x PRE-Tax ROR) + D)/GF/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 / accumulated amortization.
Pre-tax ROR	=	8.29%
D	=	Annual depreciation / amortization on the net additions
GF	=	Gross-up factor before income taxes (99.54%)
AR	=	New York Rate District Projected Annual Metered Revenues

III. Safeguards

Audit/Reconciliation: 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. The submitted surcharge will go into effect 60 days after submittal unless Staff submits a letter to the Company indicating the submitted reconciliation amounts should be adjusted. Any under collections or over collections will accrue interest at the other customer capital interest rate established by the Commission each year. Adjustments of the under collections and over collections, as well as updates related to accumulated depreciation/amortization reserve, will be reflected in the next SIC surcharge filing.

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SYSTEM IMPROVEMENT SURCHARGE (SIC) (Continued)

NEW YORK RATE DISTRICT

IV. The use of the SIC mechanism is approved for the following projects and associated capital expenditures:

Park Ave Tank Replacement	$2,118
New Haverstraw Tank (2 MG)	8,254
Lake DeForest Fencing	3,258
RVWF (augmentation)	825
Sludge Handling	1,347
Replace Monsey Tank (2MG)	4,779
RVWF Facility Overhaul	9,774
Stony Point Dam	869
Stony Point Tank	4,344
Spring Valley Reservoir Roof	7,331
Knolls Tank	869
Iron & Manganese Treatment at Select Wells	2,172
Catamount Production Well Replacement	1,439
Lake DeForest Electrical Improvements	12,218
Well Deaeration #2	869
Thiells 50 GWUIDI Treatment	2,172
New City pH Adjustment and Treatment	3,258
Sparkill Well 8 & 11	2,172
Bardonia Iron & Manganese Treatment	2,172
Catamount Iron & Manganese Treatment	2,172
Replace Production Wells RVWF 95	1,439
RVWF Caisson Flood Protection	1,086
Nichols Well PFAS Treatment	3,351
Archer PFAS Treatment	2,646
Tallman 26 PFAS Treatment	2,696
Mahopac PFAS and I&M Treatment	4,215
Grandview Well PFAS Treatment	1,024

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SYSTEM IMPROVEMENT SURCHARGE (SIC)

WESTCHESTER RATE DISTRICTS 1 AND 2

APPLICABLE FOR USE OF SERVICE FOR CITY OF NEW ROCHELLE, VILLAGE OF BRONXVILLE, VILLAGE OF TUCKAHOE, VILLAGE OF PELHAM MANOR, VILLAGE OF PELHAM, VILLAGE OF ARDSLEY, VILLAGE OF DOBBS FERRY, VILLAGE OF HASTINGS-ON-HUDSON, TOWN OF MAMARONECK, TOWN OF GREENBURGH, TOWN OF MOUNT PLEASANT AND TOWN OF EASTCHESTER IN WESTCHESTER COUNTY, NEW YORK.
APPLICABLE FOR USE OF SERVICE FOR VILLAGE OF PORT CHESTER, VILLAGE OF RYE BROOK AND THE CITY OF RYE IN WESTCHESTER COUNTY, NEW YORK.

Applicable to all Metered Customers (Single Family Residential, Multi-Family Residential, Non-Residential & Service to Other Water Supply Systems)

Effective with this statement, the Surcharge is 0.60%.

I. General Description

Purpose: To recover the carrying costs (i.e., return and depreciation expense) associated with the construction of specific reviewed and approved projects placed in service in Rate Year one and beyond.

Effective Date: The SIC will become effective for bills rendered on and after *XX/XX/XXXX*.

II. Computation of the SIC Surcharge

Calculation: When the Company has incurred actual expenditures for projects listed below 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 / accumulated amortization, 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 60 days after the project has been placed into service. The Company will provide Staff with the detailed project information regarding the SIC (such as in-service dates, actual expenditures incurred, retirements, etc.).

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SYSTEM IMPROVEMENT SURCHARGE (SIC) (continued)

WESTCHESTER RATE DISTRICTS 1 AND 2

Formula: The formula for the calculation of the SIC Surcharge is as follows:

SIC surcharge	=	((NRB x PRE-Tax ROR) + D)/GF/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 / accumulated amortization.
Pre-tax ROR	=	8.29%
D	=	Annual depreciation / amortization on the net additions
GF	=	Gross-up factor before income taxes (98.74%)
AR	=	Westchester Rate Districts Projected Annual Metered Revenues

III. Safeguards

Audit/Reconciliation: 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. The submitted surcharge will go into effect 60 days after submittal unless Staff submits a letter to the Company indicating the submitted reconciliation amounts should be adjusted. Any under collections or over collections will accrue interest at the other customer capital interest rate established by the Commission each year. Adjustments of the under collections and over collections, as well as updates related to accumulated depreciation/amortization reserve, will be reflected in the next SIC surcharge filing.

IV. The use of the SIC mechanism is approved for the following projects and associated capital expenditures:

	(Thousands)
Anderson Hill Tank	$3,598
Daisy Farms Tank	3,223

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