



Dear Valued Customer,

New York American Water (NYAW) takes seriously the obligation to provide our customers with safe, reliable water service at fair and reasonable rates. The high property taxes NYAW is required to pay on the North Shore of Nassau County and pass along to its customers makes meeting that obligation particularly challenging.

The New York Public Service Commission (PSC) has continuously expressed its great concern about the amount of property taxes NYAW pays and closely monitors cost control and minimization efforts. NYAW has determined that a number of its utility properties were over assessed due to one of its asset inventory filings that required correction. NYAW detailed the facts and circumstances of this issue to the Staff of the PSC in December and affirmed its commitment to fully safeguard its customers from financial harm.

To address this issue, which impacted customer bills issued in November and December 2017, NYAW will terminate the current RAC/PTR Surcharge of \$26.95 per month on customer bills, effective January 1, 2018. This will immediately reduce all metered customer bills by \$269.50 in 2018.

The Incremental Property Tax Surcharge (IPTs) that appears on your bill will also be reduced from \$0.4947 to \$0.3624, per 100 gallons, effective January 1, 2018. For the average customer who uses 8,000 gallons per month, this will have the effect of reducing your water bill by approximately an additional \$10.75 per month or \$128.98 for 2018.

Public and Private Fire Service customers will also see lower bills as a result of the reduction to the IPTs. The current IPTs charge of 33.40% will be reduced to 24.47%.

While these billing changes will result in an immediate lowering of bills, the property tax burden borne by our customers on the North Shore of Nassau County remains significant. Even after accounting for corrections to the property tax assessments, property tax expenses still represent more than 50% of customer water charges in this operating area.

NYAW remains committed to continue its efforts to minimize its real property taxes for the benefit of its customers.

Sincerely,

Carmen Tierno
President
New York American Water