



Liberty
60 Brooklyn Ave.
Merrick, NY 11566 877-426-6999
libertyenergyandwater.com

Dear Valued Customer,

On May 4, 2023, Liberty Utilities (New York Water) Corp. (the Company) commenced a rate proceeding with the Public Service Commission (PSC) seeking an increase to customer rates. Since acquiring the system in January 2022, we have been dedicated to transparency and providing our customers with the high-quality water you deserve and expect. With those principles in mind, this letter serves to update you on why a rate adjustment has been requested, the estimated impact on your bill, and how you can submit comments on this plan to us directly or the PSC.

Why has a rate adjustment been requested?

Seeking a change to customer rates is not a decision that we reached lightly; however, in the seven years that have passed since a new rate plan was sought, we have made significant and necessary investments in our infrastructure. We need to continue to do so in order to provide you with reliable, quality service. For example, the Company plans to invest approximately \$116 million in capital projects, including main replacements, treatment facilities, well upgrades, and smart meter installations through the end of our proposed rate year (i.e., March 31, 2025). Those investments do not come without costs, and our costs have risen along with yours. For example, the cost of materials used to treat your water to ensure it is safe and compliant with governing laws and regulations—which continue to become more onerous—increased, on average, 18%. Distribution and supply materials have similarly increased in price.

In addition to these capital expenditures, the Company has proposed recovering investments for several important initiatives that directly and positively impact you. For example, to provide you with convenient, local service, we created 17 new local customer service positions at the Company’s offices in Merrick, New York, and are planning to open a walk-in center for customers this calendar year. We also proposed a low-income program and an arrearage management program to assist our neighbors in need, as well as a fee-free program to eliminate separate fees being charged when you elect to pay your bill electronically to improve your payment experience.

Liberty New York Water Rate Modification

These important initiatives will impact rates differently throughout our service territory depending on your current base rates. If you are an average user of water (approximately 6,000 gallons per month), our proposal is estimated to impact your bills as shown below:

Service Area	Lynbrook System	Merrick System	North Shore System
Est. Monthly Impact	\$18.32	\$15.74	\$7.37*

**After factoring in the elimination of your separate property tax charge*



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The True Cost of Water – Advocating for Rate Relief

Keeping your water service affordable is at the forefront of our approach. The new proposed rate structure represents the true cost of providing quality water service. As a privately owned utility company, Liberty is required to collect a series of taxes that go to local jurisdictions to support many municipal services, such as schools, emergency services, highways, etc. Furthermore, a significant portion of the system investments made by municipal water suppliers are supported by grant programs, which can fund up to 60 percent of each project.

As a company, we strongly oppose the tax rate that we are required to collect from customers in the form of Special Franchise Taxes (SFT). The SFT makes up approximately 25 percent of each customer's bill. The collection of this tax provides zero benefit to the Liberty water system. Liberty continues to meet with elected officials to explore the possibilities of having the SFT reduced or eliminated altogether. In addition, the Company is working to secure eligibility for State grant funding that only municipal water suppliers currently have access to. As with the SFT, we continue to advocate with our State representatives to change the State law that would allow us to apply for infrastructure improvement grants you, as a Liberty water customer, are helping to fund.

Providing Comments and Asking Questions

For more information about the filed rate adjustment request, please visit the PSC's website and search for Case 23-W-0235 or visit our website at www.libertyenergyandwater.com. Customers are encouraged to submit comments throughout the process.

Should you have any additional questions about this rate request or any other matter concerning your water service, please contact us at 1-877-426-6999 or visit our website, www.libertyenergyandwater.com.

Sincerely,

Liberty New York Water