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May 24, 2011

Hon. Garry A. Brown, Chair
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

RE:

11-W-0200 Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Long Island Water Corporation D/B/A Long Island American Water Corporation

Dear Chairman Brown:

On behalf of our 20,000 residents, I write to express my opposition to Long Island American Water Corporation's (LIAW) desire to once again raise rates (19.5%) for the delivery of water services, including rates for **Public Fire Hydrant Service**. I am strongly opposed to the utility's rate filing, and also request the Commission to consider imposing a rate *reduction* in the public fire hydrant service classification.

Existing costs imposed by LIAW to our volunteer fire department is \$260,000. per annum for use of their Fire Hydrants. This is on the heels of LIWC 18% increase in 2006. Given the recent volatility of energy costs, the severe economic downturn and an unprecedented number of New York households already behind on their utility bills the timing of a rate hike could not be worse. New Yorkers are struggling right now and increases to their utility bills will only perpetuate the current economic conditions.

This increase is especially harsh for us, as our cost for hydrants and water service is paid by real property taxes by the consumer, who will also be subject to the same increase for their own water consumption.

I recognize the need for LIAW to be able to raise revenue for critical investments in infrastructure and to keep pace with rising costs. However, beyond what is necessary to meet those expenses, I find any additional increases difficult to justify during these tough times.

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Their existing return on equity is likely well above what most investors could reasonably expect in today's economic climate. The stock of their parent corporation, American Water, is up 50% in the last year. Their financial statements of cash flows show that their net income has increased each of the last three years and the total cash they generate from their regular activities is up by nearly 30% over the last year.

Their balance sheet cash on hand has nearly doubled in the last year and is up over 90% since 2008, and assets have shown steady strengthening over the past few years with no significant change in liabilities.

In addition, there has been a 30% increase in gross profit and their operating income is up over 500% from 2008, while they have gone from a half billion dollar loss in 2008 to a quarter billion dollar gain in 2010, according to their income statement. I urge the Commission to carefully examine the proposal to determine which costs are essential to maintaining service integrity and those implicit to the value of their stock. While I respect the needs of shareholders to secure a good return on their investments, those financial decisions are not without risk and the necessity to contain costs at this time is more compelling.

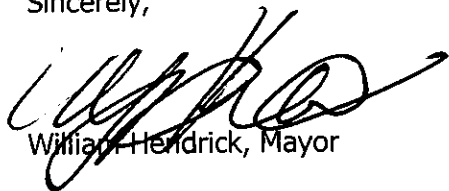
We also bring to your attention that LIAW has been the beneficiary of significant revenue from tax certiorari refunds over the past few months. They did mention that these cases were pending, with no dollar value stated. Our municipality, for one, awarded LIAW a \$2,050,000. refund. Others refunds are to follow over the year.

The Public Service Commission was established for the paramount purpose of protecting and enforcing the rights of the public with regard to public utilities and is charged with reviewing and regulating the costs of the utilities borne by ratepayers. The magnitude of the proposed increases, especially during these severe economic times, demands a complete review.

I urge that the Commission to remain committed to this mission by striving to ensure that any financial impact on ratepayers is minimized to the fullest extent possible.

I appreciate your consideration.

Sincerely,



William F. Hendrick, Mayor

cc:

Honorable Patricia L. Acampora, Commissioner
Honorable James L. Larocca, Commissioner
Honorable Brian Curran, NYS Assemblyman
Honorable Robert E. Curry, Jr., Commissioner
Honorable Maureen F. Harris, Commissioner
Honorable Jaclyn A. Brilling, Secretary
Honorable Dean G. Skelos, NYS Senator