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May 30, 2018

Via E-Mail

Hon. Kathleen H. Burgess
Secretary
New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

RE: Case 17-W-0049 - Complaint of Property Owners and Customers of the Bristol Water-Works Corporation to Conduct a Survey of Water Usage for Both Commercial and Residential Customers

Dear Secretary Burgess:

In prior communications in this proceeding, Bristol Water-Works Corporation (“Bristol” or the “Company”) indicated that it did not anticipate the need for evidentiary hearings, but reserved its right to require such hearings pending review of the replies of the Staff of the Department of Public Service (“Staff”) and Bristol Harbour Village Association (“BHVA”) to the Company’s May 4, 2018 Response to the Staff Report filed January 29, 2018. After reviewing the Staff and BHVA filings of May 18, 2018 and May 25, 2018, respectively, Bristol has determined to waive its right to evidentiary hearings.

Bristol has concluded that hearings are unnecessary in view of the fundamental flaws in the Staff and BHVA replies. Those flaws are self-evident and therefore do not require evidentiary hearings to establish their seriousness. Staff’s proposed major shifting of costs from residential customers to commercial customers depends entirely on water consumption. Yet Staff acknowledges that consumption-based allocation is inferior to allocation based on a detailed cost of service study: “. . . without a detailed cost of service study, water consumption is the next best alternative to allocating revenue.” Staff Reply at 8.¹ Staff acknowledged some of the shortcomings in its consumption-based allocation, such as the responsibility of seasonal residential customers for much of the need to waste treated water to maintain health standards, but dismissed those concerns as lacking in the type of support that would be provided by a detailed cost of service study.² Staff even goes so far as to suggest that Bristol should not be

¹ BHVA echoes the same point that a cost of service study is superior to Staff’s methodology. BHVA Reply at 2.

² BHVA over-reaches in its efforts to deflect attention from the problems caused by its residential members’ seasonal use by arguing that there are “seasonal aspects to the commercial operations as well.” *Ibid.* BHVA fails

complaining about cost allocation since the Company supposedly will recover all of its costs, even if it recovers more from commercial customers and less from residential customers than would be warranted under a detailed cost of service study. Asserting that Staff's changes are "revenue neutral" (Staff Reply at 9) is a non-answer to the fact that the commercial customers are singled out for disadvantage. BHVA is less subtle in its rationale for unwarranted loading of costs onto the commercial customers, labeling the common ownership of Bristol and the commercial facilities a "conflict of interest" (BHVA Reply at 2) that apparently justifies an inferior cost allocation methodology.

Bristol agrees with both Staff and BHVA that the best way to establish the true cost of serving the various customer classes would be through a detailed cost of service study; but the Company has no money to perform such a study and, in the pending rate proceeding, Case 17-W-0293, Staff has made no provision for funding such a study. Indeed, it is curious that, in the year-plus period between the filing of the complaint in this proceeding and the issuance of Staff's Report, Staff never requested, recommended or otherwise proposed that a detailed cost of service study be conducted. Nor did Staff give the Company any notice that such a study would be required in this proceeding, much less funded. Staff did absolutely nothing toward that end, preferring instead to upend the existing Commission-approved cost allocations in favor of Staff's admittedly inferior approach.

Under these circumstances, it is illogical, unfair and, ultimately, irresponsible to recommend major changes in long-standing, Commission-required allocations of costs among customer classes, absent the very cost of service study Staff has concluded would yield the most reliable results. While this rush to reallocate costs based on an inferior methodology may be gratifying to the residential customers represented by BHVA who would benefit from shifting costs to other customers, the better course – indeed, the only sound course – would be to require performance of a cost of service study and to fund that study through rates to be set in the pending rate case.³ Presumably, the study could be concluded and the resulting allocations implemented almost immediately afterward. That approach is far more reasonable than rushing to impose the results of an inferior alternative.

To effect the foregoing alternative, Bristol is simultaneously requesting in Case 17-W-0293 that the revenue requirement be updated to include an appropriate amount for a cost of service study. The Company will cooperate with Staff to address the selection of a consultant to perform the study and to determine the cost thereof.

Accordingly, Bristol urges the Commission to reject Staff's and BHVA's insistence on altering the current Commission-approved allocation of costs among customer classes and to modify

to appreciate that the Lodge is a year-round operation and does not winter in Florida or the Bahamas. Likewise, the golf course, the single largest water customer, uses untreated water and, therefore, has no responsibility for the waste of treated water.

³ Absent such funding, of course, the study cannot be performed.


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such allocation, if necessary, only after the completion and review of the cost of service study proposed here.

Very truly yours,


Stanley W. Widger, Jr.

cc: Hon. James Costello
All Active Parties