

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

October 13, 2009

NOTICE OF PUBLIC STATEMENT HEARINGS CONCERNING
A JOINT PROPOSAL AND NOTICE OF EVIDENTIARY HEARINGS
CASE 09-W-0237

The New York Public Service Commission will hold public statement hearings concerning a Joint Proposal (JP) that was filed by New York Water Service Corporation and the New York State Department of Public Service Staff on Wednesday, September 30, 2009. The JP includes terms those two parties jointly believe the Commission should adopt for purposes of resolving all of the issues in the case. The Commission can adopt some or all of the proposed terms or adopt completely different terms.

The Public Statement hearings will be held as follows:

Levittown

Thursday, October 29, 2009

2:00 p.m. and 7:00 p.m.

Levittown Public Library

Community Room

1 Bluegrass Lane

Each hearing will continue for at least one hour, and thereafter as necessary to accommodate speakers, but not for more than two hours.

It is not necessary to make an appointment to speak at one of the public statement hearings. Persons will be called to speak after completing a request card. The hearings will be transcribed verbatim by a court reporter. Persons who speak at one hearing will not be allowed to speak at the second, unless there is time remaining after all other persons desiring to speak have been accommodated.

Disabled persons requiring special accommodations may place a collect call to the Department of Public Service's Human Resource Management office at 518-474-2520, as soon as possible.

The JP is 18 pages long and has supporting attachments. Among other things, the JP states that the Commission should allow the Company to change its rates in order to generate incremental annual revenues in the next three years, with the first increase going into effect on February 6, 2010. One approach to accomplish this would be to allow the Company to increase its annual revenues by \$1.915 million (8.47%) in one year, \$.418 million (1.57%) in year two, and \$.526 million (1.95%) in year three. Another approach is to allow the Company to increase its annual revenues by \$1.318 million (5.83%) in year one, \$1.082 million (4.16%) in year two, and \$1.082 million (4.00%) in year three. The JP's proponents contend that, taking into account the time value of money, the impact of each of these two options is identical. The proponent's propose that the Commission select the option it believes is most reasonable.

Analysis of the JP's reasonableness is now ongoing. Preliminary indications are that the total incremental revenue increase proposed for the first year is needed by the Company primarily for the following specific reasons:

<u>Reason</u>	<u>Dollar Amount</u>
1. Property Taxes	\$1.0 million
2. Carrying Costs on New Infrastructure	\$0.6 million
3. Production Costs	\$0.6 million
4. Pension Costs	\$0.7 million
5. All Other Costs and Revenue Changes	<\$1.0> million
6. Total	\$1.9 million

There are numerous other terms beyond those mentioned here.

The JP and a summary of it (the JP Summary) can be found in electronic format on the Department of Public Service web site at <http://www.dps.state.ny.us> by placing your cursor on

"Water" and clicking on "NYWS Rate Case."¹ Many libraries offer free internet service. Hard copies of the JP and the JP Summary are also available for inspection at the Company's 60 Brooklyn Avenue, Merrick office, and at the following libraries:

Bellmore Memorial Library 2288 Bedford Avenue	Merrick Library 2279 Merrick Avenue
Massapequa Public Library 523 Central Avenue	Wantagh Public Library 3285 Park Avenue
North Bellmore Public Library 1551 Newbridge Road	Seaford Public Library 2234 Jackson Avenue
Amityville Public Library Corner of Oak and John Streets	Levittown Public Library 1 Bluegrass Lane

Interested parties are invited to comment on the reasonableness of the terms of the JP, giving reasons for their opinions. Such comments can be submitted at the public statement hearings or by any one of the following means:

Writing: Comments may be mailed to Hon. Jaclyn A. Brillling, Secretary, Public Service Commission, Three Empire State Plaza, Albany, New York 12223-1350.

Internet: Send an e-mail to the Commission Secretary at Secretary@dps.state.ny.us.

Toll-Free Opinion Line: Leave a taped message on the Commission's toll-free opinion line at 1-800-335-2120. The number is designed to take comments on pending cases from in-State callers, 24 hours a day. Callers should press "1" to leave oral comments and follow the instructions given.

For each of these alternatives, the comments should refer to the Joint Proposal or JP in Case 09-W-0237, New York Water Service Corporation - Water Rates and Service Quality. All public comments on the reasonableness of the terms of the JP

¹ If inaccuracies are discovered in the Summary, an updated, corrected JP Summary will be posted on the DPS web site, bearing a new date.

are due as soon as possible, but must be received by not later than November 6, 2009.

All public comments timely received, regardless of the method by which they are transmitted, become part of the official case record, are posted on the DPS web site for public inspection, and will be summarized for the Commission for consideration during its deliberations. All public comments previously filed in this case will likewise be reported to the Commission and considered by it. General themes expressed in public comments received to date that will be considered by the Commission, and that need not be repeated prospectively, are as follows:

1. Customers cannot afford to support a 12% revenue increase because we are in the worst economy in 25 years, wages for many are flat or down in real terms, many are unemployed, many are retired seniors on fixed incomes, and because everything else on Long Island is so expensive, including electric and gas bills, property taxes, MTA taxes, and transportation costs. You cannot expect to get blood out of a stone.
2. Customers do not understand why their annual water bills are so much higher than those of friends and relatives that are customers of numerous municipal water providers near to the Company's service territory (i.e., in the Town of Hempstead, Uniondale, Freeport, East Meadow, Farmingdale, North Massapequa, Massapequa, Hicksville, Bethpage, Levittown, East Norwich, and Rockville Center).
3. Customers do not know whether their existing rates are objectively reasonable, nor why the Company is seeking more revenues at this time. In the absence of such information, or information that compares their rates to those charged by other non-municipal water companies doing business in New York, customers are concerned that they might be paying for corporate excesses and greed.
4. Water is essential to life and it should be provided by state, county, or town government, rather than by a for-profit corporation.
5. A 12% increase is so high that it should not even be entertained and should be discounted because it really means the Company will accept less.

6. Water and air should be free, just as in the old days, especially as the Company gets water for free.
7. Everyone is being forced to do more with less and the Company should be required to trim all the fat, cut any costs that are not essential, and sell any unneeded assets before rates are increased.
8. The Public Service Commission should decide the case only after there is a full investigation and it should stick up for the working class and stop being a "rubber stamp" for utilities.
9. Poor operational results by affiliated water companies in other states is not a reasonable basis for increasing rates for this Company.
10. Reduced water sales because of above average rain fall levels this year and resulting from customer conservation efforts are not reasonable bases for increasing rates going forward.
11. High water rates are part of a broad effort to drive the middle class off of Long Island so it can be renamed "Rich Island."
12. The reasons for various surcharges are not known to customers and there is concern the Company may be recovering some costs twice because of the surcharges.
13. The Company's plan to increase rates is contrary to statements made when New York Water Service was acquired by "Aqua."
14. Please don't increase my bill to pay for usage of customers who do not pay their bills. Customers who do not pay should be terminated.
15. Customers should have a competitive alternative to New York Water Service Corporation.
16. The Commission should now allow the Company to collect in rates the costs of exorbitant holding company executive salaries and excessive returns on capital.

NOTICE IS FURTHER GIVEN that evidentiary hearings will be held before Administrative Law Judge Gerald L. Lynch on Wednesday, October 28, 2009, at the Levittown Public Library,

Community Room, 1 Bluegrass Lane, beginning at 1:00 p.m.² The purpose of this hearing is for the active parties to provide factual information concerning the reasonableness of the JP's terms. The evidentiary hearings are open to the public and will continue day to day as necessary. However, it is anticipated that the evidentiary hearings will be completed in a period of less than four hours. Public statements will not be entertained at the evidentiary hearing.

The matters described above are being considered in Case 09-W-0237 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of New York Water Service Corporation for Water Service.

(SIGNED)

JACLYN A. BRILLING
Secretary

² It is unlikely, but possible that the date of hearings will change. Notification of any change will be available on the DPS web site on which the JP is posted.