

The Legislature of Rockland County



HARRIET D. CORNELL

Legislator – District 10

Chair – Environmental Committee
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Economic Development Committee
Budget & Finance Committee

October 19, 2015

VIA ELECTRONIC FILING SYSTEM

Hon. Kathleen M. Burgess
Secretary to the Commission
New York State Public Service Commission
Agency Building 3
Albany, New York 12223-1350

Re: Reference Case 13-W-0303 - Proceeding on Motion of the Commission to Examine United Water New York Inc.'s Development of a Long-Term Water Supply Source
NOTICE SEEKING PUBLIC COMMENT ON ABANDONMENT OF THE HAVERSTRAW PROJECT PLAN ("NOTICE")

Dear Secretary Burgess:

On behalf of the Task Force, I respectfully submit comments in response to the *Notice Seeking Public Comment on Abandonment of the Haverstraw Project Plan* (Notice), released on August 6, 2015 in reference case 13-W-0303 (Needs Case), in which the Public Service Commission (Commission or PSC) asked whether abandonment of the Haverstraw Desalination proposal is in public interest and requested comments on two relevant reports filed by United Water New York, Inc.¹ (UWNY or Company) and the Rockland County Task Force on Water Resources Management² (Task Force). The reports were filed to comply with the Commission's Order issued on November 17, 2014 (November Order) that required, *inter alia*, that UWNY work with the Task Force to identify measures to reduce water demand by two million gallons per day (MGD), conduct a study of other potential water supply projects that could provide said amount of water supply and repair public image and trust of the community.

¹ On June 30, 2015, UWNY submitted to the PSC its *Report on Feasibility of Incremental Water Supply Projects and Conservation Opportunities, Rockland County, New York* ("UWNY Report" or "June Report").

² On July 22, 2015, the TF filed the final report, *Water Losses And Customer Water Use In The United Water New York System* ("Vickers Report"), prepared by Amy Vickers & Associates, Inc. as a supplement to the TF Interim Report that was timely filed with the PSC on May 18, 2015.

As I have noted in my recent comments filed with the PSC on October 5, 2015, the Task Force and many other commenters have contended for a good part of a decade that a combination of actions to ensure a long-term sustainable water supply would preclude the necessity of a single, energy-intensive project which carries with it a number of undesirable and costly results. Furthermore, keeping the desalination proposal on the table at this juncture would undermine any public confidence in good faith effort on alternative supply projects and conservation. Rockland County ratepayers have too much at stake not to be deeply involved in the planning process.

On July 19, 2013³, the Commission established this proceeding to investigate the Company's ongoing need for a new long-term water supply source in Rockland County in response to growing local opposition to the project and emerging evidence that the perceived "need," as projected by UWNY, failed to materialize. The extreme cost of an unnecessary project in a County that pays some of the highest rates in the State already is not the only reason why the desalination technology is altogether unsuitable for Rockland. The financial cost of construction of desalination plants is well known to balloon far over projected costs. The expense of construction however is not only to the already over-burdened ratepayer but also to the environment - the Haverstraw Bay is a delicate ecosystem that would be severely impacted by the construction as well as operation of the plant. The operational cost of a desalination plant would continue to increase the cost of water in Rockland to an unsustainable degree and the energy required to run the plant represents another extreme added cost that has not been adequately examined in considering the project.

UWNY in its June Report provides an estimated cost of alternative water supply projects that it proposed in terms of "Cost per MG"⁴ which ranges from \$1.6M to \$16.2M, but it fails to bring to PSC's attention the fact that the cost per MG for the initial phase of the desalination project would bring it up to the absolutely unreasonable \$60M per MG or more in Rockland County.

Rockland County may need additional water supply in the future, but how that water is added or saved in the UWNY system is the key question today. There are at least ten years to develop a sustainable plan which would include incremental projects and robust innovative regional conservation. Desalination is not the answer and should not hang as a sword of Damocles, hindering more cost-effective and environmentally-friendly efforts.

On November 17, 2014, the Commission issued an Order,⁵ which confirmed that the Company's projections of demand and urgency of need were wrong. The Commission, recognizing that there was time to examine more suitable and sustainable alternatives, ordered UWNY to suspend its pursuit of the Haverstraw Project, the project that UWNY chose as the single preferred answer to the earlier projected "urgent" need, and instead UWNY was ordered to work with the Task Force to identify measures to reduce water demand by two million gallons per day (MGD) and conduct a feasibility study of other potential incremental water supply projects that could provide two to

³ Case 13-W-0303, *United Water New York, Inc. - Long-Term Water Supply, Order Instituting Proceeding* (issued July 19, 2013).

⁴ June Report Section 6.2.

⁵ Case 13-W-0303, *supra*, Order Addressing Status of Need and Directing Further Study (issued November 17, 2015).

three MGD. UWNY was ordered to report back in six months and after requesting an extension from PSC on May 15, 2015⁶, UWNY filed its June Report with the PSC as a response to the November Order. However, this report was neither prepared in collaboration with the Task Force, nor did it include the required conservation feasibility study which was planned and commenced as planned with the Task Force, but from which UWNY unceremoniously walked away, failing to fulfill its commitment.

Since that time, UWNY has launched a public smear campaign against the Task Force and its leadership as well as its continued efforts, despite the fact that the Task Force repeatedly reached out to resume the necessary work and comply with the PSC November Order.

In order for the Public Service Commission to give credence to statements issued by any individual or organization, it is essential that those statements be truthful and factual. Consequently when the October 5, 2015* letter of United Water' General Manager, Chris Graziano states that "*all that is proffered by the Task Force and its supporters....is a risky and unsupported 'no action/just fix leaks' approach...*" that is patently untrue. And when United Water also attempts to re-write history and hopes that people will forget that United Water walked away from collaboration with the Water Task Force and not the other way around, that is patently untrue. These statements are not substantiated by the record and consequently throw into question the veracity of other comments made to the PSC and the public in the letter of October 5, 2015.

The Rockland Task Force on Water Resources Management was created by law on June 19, 2014 and is composed of 19 people representing diverse community interests—among whom are the County Executive, the Chairman of the Legislature and United Water. The people serving on the Task Force are unsalaried, motivated to volunteer their time and expertise to benefit the County. They want the county to thrive economically, while also cognizant of the need to conserve resources, to prevent unnecessary financial burdens to ratepayers and taxpayers, and to promote energy efficiency in all possible ways. When diversity and inclusivity are the cornerstones of a Task Force such as this, it is expected that members will bring their backgrounds and experiences to the table and that civil discourse and hard work will enable the group to move ahead on a shared mission. That doesn't mean that people forfeit their individuality or give up the other hats they wear.

The definition of "collaboration" is "laboring together." That is exactly what had been taking place respectfully until United Water decided it didn't like the results of an independent study done by Amy Vickers & Associates, Inc. Ms Vickers had been recommended to the Task Force by David Stanton, President Regulated Water and Interim General Manager of UWNY to do the needed study of United Water's system and customer water use. This study will serve as the basis for a second study on conservation methods and implementation, and that was well understood by all members of the Task Force including United Water, the PSC representatives and the public.

The fact is that the Task Force through its five committees tirelessly continues to work toward our goals that address water resource management in the County through multi-faceted approach

⁶ UWNY Letter to the PSC requesting extension for file the required feasibility report, dated May 15, 2015.

and not by searching for one expensive silver bullet. There is a mosaic of alternative solutions and conservation is but one part of a larger puzzle.

When United Water tries to persuade the PSC Commissioners that the Task Force has failed, has abdicated its responsibilities and is taking no action, this is sheer propaganda. Such statements are untrue and do little to win the hearts and minds of the Rockland community or to accomplish the goals set forth by the Public Service Commission in its wisdom.

The Desalination Proposal continues to sow discord between UWNY and Rockland; it also creates contrary incentives to good faith effort by UWNY in pursuit of alternatives and conservation.

Significantly, UWNY's June Report confirmed what many experts have been repeating to the PSC and UWNY for years - that the supply and demand are balanced for at least the next ten years, giving Rockland County time to find sustainable solutions that we can live with and own. On the other hand, the June Report seems devoid of any concerted effort to work collaboratively with the Task Force as ordered, on developing a meaningful comprehensive and aggressive conservation plan for Rockland County in the time that we now know we have. The Rockland County Task Force, created by law to, *inter alia*, spearhead efforts in the County on Water Resources Management, is conspicuously missing from any integration in conservation planning in our County.

Furthermore, all of UWNY's meager mention of any proposed conservation in the June Report is contained on about two pages of a more than 60 page document and contains no particulars of planning or how any MGD amounts or costs were computed. To stress how little effort and commitment UWNY has put into its "new" conservation effort, note that the June Report includes an identical passage, cut and pasted from the 2012 DEIS:

“In 1981, United Water implemented a summer-winter rate structure, in which higher water rates are charged from May 1 to September 30 in order to encourage conservation during the period of peak demand. Initially, the rate structure was 3:1, so that summer rates were three times higher than non-summer rates. In response to strong customer opposition, during the following summer the PSC reduced the differential to 1.5:1, which has remained since its adoption in 1982⁷.”

These words have been repeated word for word countless times since 2012, and they are a testament to UWNY's failure to rethink an important issue in light of all of the national trends and local developments over the years.

It is important to note that UWNY's forecasts of 1 MGD each for reduction of NRW and conservation are entirely unsupported by any data analysis. This is in line with a long pattern of statements by the company that are entirely unsupported by documentation, as pointed out by experts, professional groups, and citizens. It is incomprehensible to the public that these unsupported statements might be accepted by the Commission for planning purposes.

⁷ 2012 DEIS, Chapter 18A.2.1.5.2

The unambitious goal of 1 MGD demand reduction or 3% demand reduction is in line with years of even lower targets by the company, .1% demand reductions or half the natural replacement rate for fixtures. These low goals should be compared with the work of NYC in nearby Westchester communities within the NYC water supply system, with the goal of 5% demand reduction, a goal nearly twice as high. And of course with places such as California, in which conservation programs have targeted 25% reductions.

Most significantly, the demand reduction forecasts in the Vickers Report are confirmed by the entirely independent research by Dr. Stuart Braman of Lamont Doherty Earth Observatory at Columbia University. Two years before the Vickers Report, Dr. Braman summed up his conclusions in his testimony to the PSC in October 2013 and January 2014⁸, in which he cited 1.14 MGD to 3.15 MGD as the range of demand reduction potential solely for *residential* customers for the seven most cost effective measures alone. Dr. Braman further estimated that adding in non-residential efficiency measures would bring the total to approximately 3 MGD. This entirely independent analysis, based on seven years of work and with access to UWNYS data, is very strong confirmation of Amy's conclusions, of 1.9 to 3.6 MGD.

The Commission's Order made it clear that Conservation in collaboration with the Task Force is to be a new priority, perhaps in part because of UWNYS clear disincentives: a private utility has no stock in reducing demand to, in effect, undermine its own preferred capital project.

As long as the desalination plan remains on the table, UWNYS has millions of reasons to work against a successful large-scale regional implementation of conservation in Rockland County, especially with the Task Force, such that would have the effect of reducing demand to a meaningful degree and would frustrate UWNYS's effort to carry on with its preferred desalination investment. This is evidenced by the fact that, at its first opportunity, UWNYS walked away from the Task Force and began to publicly undermine and disparage the Task Force and our continued effort to lead the regional Rockland County comprehensive conservation planning.

UWNYS in its recent comment letter to PSC circled back to PSC staff recommendation from 2013 to keep the desalination plan hovering over Rockland County as a default project for the time in the unidentified future when Rockland County's supply would be insufficient to meet the demand. This is a misdirection! First, UWNYS stated in its June Report that supply and demand will be balanced for the next ten years and with other alternatives there is no immediate urgency.

On behalf of the Rockland County Task Force on Water Resources Management, I ask that PSC order that UWNYS permanently abandon desalination in Rockland County so that we may begin to move forward in earnest and begin to repair the partnership that PSC created when it brought UWNYS and the Task Force together in order to develop the best possible Comprehensive Conservation Plan for Rockland County in an open, transparent process, with public buy-in and county support. .

Until the company formally abandons this project, desalination will remain a major impediment to the work of creating a financially and environmentally sustainable county water policy. It is

⁸ See attached testimony of Dr. Stuart Braman from two hearings.

time to free up the resources of the community from battling the project. It is time to focus our energies on the right solutions for Rockland County. As long as the company still waits for the community to fail, the desalination proposal will continue to be an obstacle to sound planning.

Very truly yours,

Harriet D. Cornell

Harriet D. Cornell
Chair, Rockland County Task Force on Water Resources Management