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VIA EMAIL

Hon. Michelle L. Phillips
Secretary
New York State Public Service Commission
Three Empire Plaza
Albany, New York 12223-1350

Re: Case 23-W-0111 – Petition of Veolia Water New York to increase rates

Dear Secretary Phillips:

In the recent Veolia Water New York rate case, we appeared on behalf of and advocated on behalf of the City of Rye, Village of Rye Brook and Village of Port Chester, which comprise the municipalities located within Veolia's Westchester Rate District No. 2 ("RD2"). The municipalities were signatories to the Joint Proposal but raised concerns as to the on-going high level of non-revenue water in Westchester RD2. On February 28, 2025, pursuant to the Rate Order, Veolia submitted its non-revenue water report for 2024. For RD2, the results are alarming. The percentage of non-revenue water ("NRW") for 2024 in RD2 was 27.8% or nearly 10% above the Commission's current target level of 18%. Put another way, more than 1 mgd is lost out every 4mgd purchased. As RD2 has no wells, all of its water supply is purchased. This astronomical NRW is in spite of the large investment in facilities funded through rates that are intended to sharply reduce the percentage ultimately down to the AWWA level of 15%.

Simply put, Veolia's efforts are not working. While the Commission caps out nonrevenue at 18% for purposes of establishing allowable purchased water, chemical and power expenses, that does not make the ratepayer whole. As noted above, rates include considerable return on investment to the water company for investments in district metering, meter testing and replacement, leak detection equipment and more. The purchases from Aquarion Water Company include a demand charge which is influenced by lost water levels. It is unclear if the adjustment reflects an offset related to the demand charge as it should under the circumstances.

Waiting until the rate case several years from now is not the answer. The RD2 municipalities request that the PSC open an immediate investigation as to the continued grossly excessive level of

NRW in RD2 to address ways to improve levels as well as adjustments to rates to fully compensate ratepayers for the harm caused by a NRW of approximately 28%,

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joel R. Dichter". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Joel R. Dichter

JRD:td

cc: All parties