

Public Statement Hearing - Case No. 16-W-0130
September 29, 2016

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2 STATE OF NEW YORK
3 PUBLIC SERVICE COMMISSION

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5 CASE 16-W-0130 - Proceeding on Motion of the
6 Commission as to the Rates,
7 Charges, Rules & Regulations of
8 Suez Water New York Inc. for
9 Water Service
10 -----X

11
12 September 29, 2016
13 6:02 p.m.

14
15 Rockland County Office Building
16 Legislative Chambers
17 11 New Hempstead Road
18 New City, New York 10956

19 PUBLIC STATEMENT HEARING
20 TRANSCRIPTION OF PROCEEDINGS

21 BEFORE:

22 MICHELLE L. PHILLIPS
23 Administrative Law Judge

24 PRESENT:

25 DIANE X. BURMAN
Commissioner
NYS Public Service Commission

REPORTED BY:

Nicole Ellis

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SPEAKERS:

- George Hoehmann, Supervisor - Town of Clarkstown
- Harriet Cornell, Legislator - Rockland Water Task Force
- Ellen C. Jaffee, NYS Assemblywoman - 97th AD
- Assemblyman Ken Zebrowski - District 96
- Thomas DePrisco - Senate Campaign
- Alden H. Wolfe, Chairman - Rockland County Legislature
- Gale Pisha - Sierra Club Lower Hudson Group
- George Klein - Sierra Club
- Matthew Pepe - Contractors Association of Rockland
- Norman R. Cohen - AARP Rockland
- Supervisor Howard Phillips - Town of Haverstraw
- Joanna Dickey - Strawtown Studio
- Connie L. Coker
- George Potanovic, Jr. - Intervenor
- Jacquelyn Drechsler
- Richard J. Merola
- John Parker - Riverkeeper
- Joseph Tarangelo
- Michael Shilalle
- Jan Degenshein - Intervenor
- Hector A. May - Rockland Business Association
- Al Samuels, Intervenor - Rockland Business Association
- Audrey Friedrichsen - Scenic Hudson

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SPEAKERS: (Continued)
Mark Johnson - Liberty Ridge Condo Association
Rosa Marie Castillo-Kesper - PULP
James Skoufis - NYS Assemblyman
Joseph Angelillo
Susan Shapiro - Rosman Center
Laura Burkhardt
Diane Relis
Robert Tompkins
Jocelyn DeCrescenzo
Thomas O'Reilly - Rockland Water Coalition
Joel R. Dichter - Town of Clarkstown, Stony Point,
and Haverstraw
Daniel P. Duthie - Municipal Consortium
Margie Turrin
Bob Dillon
Darlene Dorney - AARP
Jim O'Sullivan
Teri Mersel
Peggy Kurtz - Sierra Club Atlantic Chapter
Dorice Madronero
Kathryn Rowedder
Steve Leonardi
Terri Thal - West Brach Conservation Association

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SPEAKERS: (Continued)

Michael Parietti

Bruce M. Levine

Steven Klein

Stephen Stein

Yvette McLarty

Vincent Abbatecola

Suzanne Barclay

Joseph Beckerie

Ita Princz

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ALJ PHILLIPS: Good evening. Can everyone hear me now? Okay great.

I have 6:02, so I'd like to get started. I know we have at least about a 35 cards and counting so I do want to go on the record.

I call Case 16-W-0130: Suez Water New York Incorporated Water Rates. My name is Michelle Phillips, I'm Administrative Law Judge, and I'm assigned to the proceedings today. I'm here with PSC Commissioner, Diane Burman, to conduct the Public Statement Hearing.

COMMR. BURMAN: Good evening, so my name is Diane Burman, I've been on the Commission since 2013. Actually, my first Public Statement Hearing ever was in Rockland County and Norman over there was one of the first people that I met at that hearing.

It's very important to me to be at Public Statement Hearings to come just as a listener, and to bring back to the other Commissioners who couldn't be here with me

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information. Everything that you say, we take notes of and we care deeply about the comments you want to make.

I thank you very much. This is a beautiful facility and it's important to me that I let you know that I appreciate very much your being here and taking time out of your schedule. So thank you. And my role tonight is to be just a listener. Thank you.

ALJ PHILLIPS: Again, if you do have trouble hearing, just kind of signal as the gentleman just did.

But going back to the record, I want to echo some of sentiments that the Commissioner just made. This is a public statement hearing and we are here to listen to you. This is your opportunity as a member of the public to comment on the rate proposals that are before us.

Most of you probably know, given the Notice, that we now are at a point where we have what's called a Joint Proposal before us. That is a proposal by some of

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the parties on how to resolve this case,
and that's being submitted for the
Commission's consideration. We will have
additional process on that through our
Commission hearings and post-hearing
briefs, but right now this is your
opportunity to provide comments on those
proposals.

We're not taking questions right now,
let me finish and I'll come back to you.

AUDIENCE MEMBER: You made a
statement that I had no idea about that
there was a proposal from the Commission
or from the water company? Who's the
proposal between?

ALJ PHILLIPS: I'll try to shout a
little bit louder. And so I'll go back to
the beginning. How many of you are here
because you saw a Notice in the newspaper?
Anyone? Okay.

In that Notice it directed people to
go to our website because there is what's
called a Joint Proposal. A Joint Proposal
is a document that is created by the

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parties and it basically sets forth the provisions that those parties want to recommend to the Commission as the way of resolving the proceeding that's before them.

So they put forth their proposals as to how they would like the Commission to resolve it. The Joint Proposal that was filed, do you still -- are you still not able to hear me? The Joint Proposal that we're talking about was filed on September 2nd. It's a proposal that's advocated by the Company, or Suez, they're a signatory, and the Department of Staff is a signatory. There are two other entities. One entity, the Rockland Business Association Incorporated and an individual who have indicated their support for the proposals that are set forth in that document.

It covers all of the matters that the Commission would have to decide in order to implement rates for Suez Water New York. So it talks about what the rate

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levels should be, it addresses how, the proposal for how to deal with the Haverstraw Desal cost. It addresses conservation proposals, how to deal with non-revenue water.

If anyone wants the summary that you were directed to, I did leave copies of that out at the sign-in table, as well as the staff that's at the sign-in table, also brought fact sheets that talks a little about what's in that proposal. What I was trying to make clear is that that's a proposal. There are some parties that support it and they want the Commission to adopt what's recommended in that proposal. However, there are a lot of other parties who don't want certain portions of that adopted or any of it adopted and they have different proposals.

There's still quite a lot of process that has to happen before this matter goes before the Commission. One of those steps in that process is this hearing. We come out and we hear from the public,

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hopefully after they've had an opportunity to read what's in the filing and see what different people and parties are advocating to comment to us and tell us, well, this may be what's reasonable, but I think maybe you should consider X, Y or Z. So that's what we're here for, we're here to listen to you. So that's where we are and what we're doing.

So this, I also want to point out, is one of five Public Statement Hearings that we've held in Rockland County. This particular location and time was recommended by some of your local parties, including the Rockland County Water Task Force. I believe Sierra Club Atlantic Chapter also advocated for this time and location.

I want to thank the Chair of the Rockland County Water Task Force for helping to facilitate the use of this room, it's a lovely room, and hopefully we'll have an opportunity to hear from everyone here.

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I do also want to mention, in that Notice of this Public Statement Hearing, we are requesting if you're here and you don't want to make a statement on the record, you can also e-mail or call or write the directions and instructions for doing that are both online, they're in the fact sheet that was up front, and I believe they're also in the JP summary that was out front.

If you have any questions about that, please talk to our staff people who are manning the sign-in station or, at the end of this process, you can talk to me. I'll be listening to you in between then. So again, that's why we're here. Thank you for the room.

I do have a few other comments that I would like to just briefly say. The way that we work a public statement hearing is that we've asked people to fill out cards, that way I know who's here and who wishes to make a statement, and I'll generally use those cards to call you to

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the front to make a statement.

When you do come to the front, you can come to either podium, please speak into the microphone, because we're transcribing this, the Court Reporter will take down everything that you say. I'd like to ask, if at all possible, if you could limit your comments to two to three minutes in order for me to be able to listen to you, which is why I'm here. I have a timer that I'm going to set so when you hear -- you might hear a bell chiming, that means your time is up.

Please feel free to talk for less time, whenever you're able to express everything that you need to in less time, 'cause we have quite a few cards. Also, I like to ask, if you have any electronic devices, if you could silence them.

Are there any questions about what we're doing here today?

(No response.)

ALJ PHILLIPS: Okay, thank you.

So I'll begin with the first card,

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it's George Hoehmann.

MR. HOEHMANN: Good evening, thank you for allowing me the opportunity to address you. My name is George Hoehmann, I'm supervisor of the Town the Clarkstown. And later on this evening, Joel Dichter, who's representing the Town of Clarkstown, the Town of Haverstraw, the Town of Stony Point, will be presenting some comments as well that cover some of the more technical aspects.

Tonight I want to be able to speak and just reiterate the opposition that all three towns hold for the rate increase, and certainly for the recruitment of the fees and the costs of the Desal plant. And while I don't wish to get into the specific details of that, we believe -- I certainly believe that our position is well-known. I've submitted public comment in the past and written comments on this as well.

Earlier today I had the opportunity to speak with Supervisor Phillips from the

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Town of Haverstraw, as well as Supervisor Monaghan, and we agree, our position is in-sync that we're against the recruitment of those costs for the Desal plant.

In addition, I'd like to reiterate that we'd like to see the plan go further, as it relates to water conservation, which should be more than 1 million gallons per day, and as it relates to the other technical aspects.

On behalf of myself and the Town Board, Town of Clarkstown, thank you.

ALJ PHILLIPS: Thank you.

Harriet Cornell.

MS. CORNELL: I'll have to talk really fast for two minutes.

Good evening, I do chair the Rockland Water Task Force, I'm a Rockland Legislator and I'm Harriet Cornell.

I've submitted testimony and also response testimony, and I just want to bring out some highlights from those particular papers -- documents.

Suez argues that it's against the

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public interest for the Commission to modify parts of the Joint Proposal, because it would be detrimental to future settlement processes and negotiations, and would jeopardize the effort that led to the JP.

I couldn't disagree more strongly. If one takes the position that the PSC should make no modifications, then what's the point of taking testimony on the JP from the intervenors and inviting the public to give comment? Why should the PSC take time to hold hearings if Suez asks that the JP should simply be accepted as it is? It makes no sense at all, and if anything certainly contravenes the public interest.

I wanted to highlight a few matters, although I think all of my written testimony is important. I want to highlight a couple of issues.

The improvements to the Joint Proposal are supported by a whole range of organizations in the Hudson Valley and

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Rockland County and other individuals, and full explanations of my points are in my filed testimony.

But the Suez plan fails to fulfill the purpose of the PSC order of November 2014, which required Suez to find out how much can be achieved through conservation. Conservation goals were set by Suez without supporting analysis, resulting in baseless conclusions which violate the public interest.

The most fundamental element of the conservation planning process is the setting of the conservation goal, the progressive goal. But it was arbitrarily set at the minimal level of 1 billion gallons a day, 1BGD, and that was not the task that was given by the PSC in its November 2014 order in Case 13-W-0303, that direction was clear; find out how much conservation can be achieved, through what best practices, and how much will it cost.

And from the PSC it was clear that

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the planning approach should rely on actual data analysis to estimate potential savings and then to scale them to feasibility. That did not happen. Suez refers to a December 2015 order, but that order was speaking to something much more general. A general approach to water supply planning, not to the appropriate planning approach for maximizing conservation by finding how much can be done and then scaling it to cost and need.

And as I said, the relevant order was November 2014 in the case.

We have consultants who have indicated that there's far more conservation of water that can be had, even yielding up to 4MGD, and I really challenge anyone that reads my testimony to site the data analysis performed, or rather not performed, by Suez in its June 30th report.

ALJ PHILLIPS: I want you to know the timer did go off.

MS. CORNELL: It did? All right. So

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I'll just tell you what the other two topics are, a few topics.

One is the conservation-oriented rate structure, which can be a very positive aid to goals and water conservation, but there are major problems with the customer classification, which are in the JP, and if not remedied could result in a real backlash by customers and a setback to public perception of water conservation in general. In fact, Suez's own contractor consultant, Black and Veatch, indicated there was a misclassification which could have a distorting affect as in consulting.

Another issue is that Suez stated that in testimony no parties challenge the cost of service study. That's not true, Amawalk Consulting did so.

My other issues have to do with the reasonableness of the inclining block structure and its ability to achieve desired conservation, which is another concern because there are many customers who display seasonality of water use,

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meaning they use water in the summer particularly, and these inclining block structures are actually going to encourage people to use more water in that category because of the way they're set up.

The staff at Suez have wanted to delay the reclassification of the customers for something like until the next rate case, I think that's a big, big error, and the Public Service Commission should correct that error. If not, this county will have to deal with high seasonal water use for at least the next four summers until a new rate case.

The other issue has to do with the alternative rate restructures --

ALJ PHILLIPS: Your time is up.

MS. CORNELL: I will leave right now. And I have a copy for you.

ALJ PHILLIPS: Is this similar to your testimony that's already in the DMM?

MS. CORNELL: Yes, I was just trying to highlight some of the issues that I think are extremely important because they

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will affect conservation and also the way people perceive how to conserve water. So thank you.

ALJ PHILLIPS: Thank you.

Ellen Jaffee.

MS. JAFFEE: I want to thank the PSC for -- and Chair Audrey Zibelman, for providing this opportunity and certainly for the community to comment with regard to the Suez Water request for a long-term water supply surcharge. And I like to thank Commissioner Burman for joining us here today, present at the hearing. I thank you, Ms. Phillips, for your presence as well.

This is the last opportunity for Rockland and for me to speak on behalf of the community that I represent. A substantial utility rate increase is being proposed for 300,000 Rockland County residents. But in a PSC order to abandon the Suez New York-proposed Desal plant, which we truly appreciate, an energy intensive and expensive last resort

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2 technology, typically only Suez arid
3 climates and water sought communities, the
4 Public Service Commission anticipated that
5 an additional 5 million gallons a day of
6 water supply to Rockland County may be
7 needed by 2035. But in addition, the
8 climate change driven water scarcity is
9 projected to create a global natural
10 resource crisis that we too will face in
11 the United States.

12 New York and Rockland County,
13 comparatively water rich areas when you
14 look at the numbers in other areas of the
15 country, will not be immune to the
16 pressures that unrestrained water
17 consumption and wasteful management place
18 on our finite water resources. It's
19 abundantly clear that the best way to
20 develop a sustainable, affordable future
21 water supply for Rockland County and at
22 the same time avoid another costly
23 miscalculation, like the abandoned Desal
24 plant, there must be greater efficiency
25 coupled with robust cutting-edge water

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conservation program. I repeat that, there must be greater efficiency coupled with a robust cutting-edge water conservation program for Rockland County.

As the Public Service Commission noted upon its December '15 order to abandon the Desal proposal, New York State and Rockland County had an unprecedented and immediate opportunity to be exemplary national leaders in water system management and conservation, something that is needed throughout this country.

We know firsthand that the consequences of poor water planning are hefty bills for a costly unsustainable Desal plant Rockland does not need. Suez New York's service territory in Rockland County is a perfect place and unparalleled opportunity to serve as a model program for water conservation in New York. Suez New York and the staff of the Public Service Commission filed a Joint Proposal with the Public Service Commission on September 2nd. However, the conservation

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2 plan presented in the Joint Proposal is
3 far from being a model program. Suez New
4 York has wasted the opportunity to provide
5 a robust cutting-edge conservation plan
6 that would address water needs through the
7 smartest most sustainable and cost
8 effective methods. Instead, the plan Suez
9 has proposed will only do the bare minimum
10 unfortunately. Suez set a water
11 conservation target of 1MGD in savings
12 through a rebate program. With one-third
13 of these savings coming from its own
14 customers, Rockland ratepayers who likely
15 would have switched to water fixtures
16 anyway.

17 Suez's conservation proposal also
18 does little, little to better detect leaks
19 and repair its notorious leaky
20 infrastructure. And this is through the
21 year of August 31st, '15 still, it's
22 unsustainable leaking of the structure.
23 It is outrageous that non-revenue water
24 made up 24.55 percent of water Suez
25 produces or 7MGD's on average, and yet

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Suez New York proposes to adopt a new rate structure despite questions about underlying customer classification data, with no commitment to undertake a proper classification study until its next rate filing.

The Rockland Water Coalition, Scenic, Hudson, and Riverkeeper, commissioned an expert study that examined water conservation opportunities in Rockland County and concluded there was a cost effective opportunity to achieve water reduction of over 4 million gallons a day between conservation and water loss reduction.

The additional cost of this improved conservation program would be a fraction, fraction of what Suez New York estimates new supply infrastructure will cost per MGD basis.

In short, the program proposed by Suez New York sets targets that are too low and does very little to truly incentivize water efficiency while

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2 providing little to no transparency or
3 accountability. In doing so, this
4 virtually assures that rather than reach
5 water equilibrium through most effective
6 prevention and leak repair programs,
7 300,000 Rockland ratepayers will
8 ultimately have to fit the bill for much
9 more expensive supply side solution.
10 Suez's reaction, Rocklanders should pay up
11 anyway. The Company wants Rockland to pay
12 \$54 million for its attempts to saddle us
13 a Desal plant, which we opposed to begin
14 with and they never got any approval, with
15 interest, that we'd be stuck with a bill
16 of \$82 million. Suez gambled when it
17 spent this money on the plant before the
18 plant was approved and we shouldn't have
19 to take that hit for their failure.

20 Suez itself agrees that as compared
21 to new supply wells and estimated cost of
22 12 million gallons a day of water supply
23 conservation and demand side measures are
24 far more cost effective. Not only is
25 smart water management good for the

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environment and public health, but also it will save ratepayers millions of dollars.

I ask the PSC to refuse the proposed financial burden on our community by Suez, and to order Suez New York to develop and implement a model water conservation plan for Rockland County as an example for New York State and the nation. Thank you.

ALJ PHILLIPS: Thank you.

The next speaker is Ken Zebrowski.

MR. ZEBROWSKI: Thank you. I want to thank the Commission.

My name is Ken Zebrowski, I've been a member of the New York Assembly, representing right where we sit here and Towns of Clarkstown, Haverstraw, and part of the Town of Ramapo.

I come -- and I submitted my comments so I'll keep them sort of brief and sort of summarized. Rarely do I get to speak and sort of say that I'm almost speaking the voice unanimously of my constituents, but I think I can almost do so today. And I can say that, and I think I can express

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their frustrations; frustrations at the process, frustrations at the concept.

Here we are where you have a company, a profit-driven company, and they have the ability to put forth a plan -- put forth a failed plan, of which the public did not want, for a product, and yet when that is rejected, the public has to foot the bill. What kind of, sort of, concept is that? And folks are frustrated. They're frustrated by this entire process.

And I ask the Commission to sort of take a step back and look at this from a commonsense perspective. Nowhere in any other economy would you have someone that produces a product, gets to say how much of that product they produced, and therefore how much the public will have to pay for it. And yet you have that here.

And then after this proposal, as folks try to look through and examine different invoices and things like that, it was virtually in a system of secrecy. Certainly this wasn't kept to a minimum.

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In fact, it looks like all the stops were pulled out, from advertising to a whole bunch of things, to spending on various people to do various things to prove the point.

You know, as Legislator Cornell talks about, Suez talked about a precedent of changing this proposal. Well I would ask you to think about the precedent of having this type of facility proposed and then having the ratepayers pay for it. What are you telling, sort of, the rest of the utilities company? You're almost saying spend or come up with as lavish a proposal that you can come up with, maybe you'll get out of the park and the ratepayers will have to pay for it in gratuity. But at the very least the ratepayers will pay for it and you'll go on your way. That cannot be the system that we have here in the State of New York. If it is, then literally we have to break this entire process down and start from the beginning, because there's no way that we're doing a

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public service in order to evaluate and oversee public utility if that is the system there.

So I ask the Commission to refer to my comments that I've formally submitted, but I did want to make those points here today. And I think you'll hear from many of the learned speakers, members of the public that have had to educate themselves on this topic, you'll learn a lot of about this proposal and what they've covered. Thank you very much.

ALJ PHILLIPS: Thank you.

Just before you speak, I just want to -- there's one thing. I do realize that I neglected to say, we have the room until 10:00, so that is part of the reason why I've asked people to try to limit yourself in terms of time. It's not that I don't want to hear from you, but I want to hear from as many of you as possible.

Thomas DePrisco.

MR. DEPRISCO: Thank you. My name is Thomas DePrisco, I'm a resident of Pearl

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River in the Town of Orange Town. I'm a candidate for the New York State Senate here in Rockland County. I spoke in June at RCC with regard to this topic.

While I do understand that costs related to investing in utility infrastructure improvements and normal increases in personnel and operating costs, I strongly oppose the proposed 16.8 percent rate increase over the next three years.

Suez should absorb the costs of the failed attempts to build a Desal plant in Haverstraw, not the hardworking homeowners and businessowners of Rockland and Orange County. It would be grossly unfair to expect the population of 317,000 consisting of 68,467 residential households and 5,827 businesses, to pay the \$54 million in failed planning costs. Which after being advertised over a 15-year period, would actually cost us, and we've heard it before, over \$82 million.

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Finally, regarding the published reports earlier this year that Suez withdrew its participation in the Rockland Water Resource Management Task Force, I certainly hope that the Suez company's leadership reconsiders that decision and has rejoined the task force. I'm not sure if -- I haven't read anything if they have. If not, I implore the Suez officials to get over your differences so all interested parties can maintain effective communication, which would benefit us, the customers. Thank you very much.

ALJ PHILLIPS: Thank you.

Alden Wolfe.

MR. WOLFE: Good evening. Judge Phillips, Commissioner Burman, thank you very much. Welcome to the Chambers of the Rockland County Legislature.

My name is Alden Wolfe, I'm the Chairman of the County Legislature, and I appreciate the opportunity tonight to provide public comment on the Joint

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Proposal that was entered into between Suez Water New York and the Department of Public Service.

It's a somewhat new experience for me to be facing in this direction, but I do feel your pain in having to cut people off after two minutes because we do that at our meetings.

After reviewing the Joint Proposal, it is plain to see that its terms are not in the best interest of Rockland's ratepayers. The Joint Proposal includes a rate increase which compensates Suez for expenses related to its Haverstraw Desal plant. A project which, as we all know, the PSC has directed to be abandoned. And surely you recall the strong local opposition, which is putting it mildly, from the moment it was announced. The public was absolutely outraged at the proposal, and residents came out in unprecedented numbers to voice their concerns.

The rate increase contemplated by the

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1 Joint Proposal is simply unjust,
2 unreasonable, inequitable, and entirely
3 against the public interest. Joint
4 Proposal also provides for an inadequate
5 conservation program. While the proposed
6 conservation program is more robust than
7 that which Suez had originally proposed in
8 its filing, it de-emphasizes the need for
9 proper management of our water supply.
10 While rebates for water efficient
11 appliances and customer outreach and
12 education are good things, it really just
13 sounds like it's nibbling around the
14 edges. And recent reports indicate that
15 high non-revenue water losses may
16 represent more than 4MGD of real water
17 losses in system. A laser focus on leak
18 detection and repairs, what's been missing
19 for so many years.

21 I encourage the Public Service
22 Commission to direct Suez to hire
23 independent contractors to identify the
24 location of leaks in their system, and
25 once and for all make appropriate repairs.

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The results could be substantial and Suez must make infrastructure maintenance its highest priority.

There are main deficiencies in the Joint Proposal which show that it's not in the public interest and should not be approved without significant changes. Al Samuels of the Rockland Business Association, representing 900-plus member businesses, praised the Joint Proposal as thoughtful and equitable and in the public interest. But let's keep in mind that Rockland businesses are ratepayers too, and I think we can safely say that the only business that would benefit from the Joint Proposal is Suez itself.

I thank the Department of Public Service and the Public Service Commission for its close retention in Rockland County, its commitment to oversight, and its trust in allowing Rockland residents to be so involved in setting our own water policy. I hope and trust that the Commission will closely examine the Joint

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Proposal and take such steps as may be necessary in order to protect our residents from out of control water bills and preserve our precious water supply. Thank you.

ALJ PHILLIPS: Thank you.

Gale Pisha.

MS. PISHA: Good evening, your Honor and Commissioner Burman. I'm a resident of Rockland County, but I'm also a party in this case representing the more than 800 residents of the Sierra Club Lower Hudson Group who live in Rockland County.

I do oppose the ratepayers being charged for the cost of the Desal plant that was never built, and I believe those costs should be bore by the shareholders who would have profited from the plant. However, I appreciate the work of the DPS staff who negotiated the Joint Proposal to improve the initial conservation plan filed by the Company last February. I feel this conservation plan is better, but it still needs some significant

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improvements to be the cutting-edge program that the Commissioners want it to be.

We all agree that conservation of water is the most cost effective method to ensure our water supply, and that should be maximized before we're asked to pay for another hugely expensive water supply project.

So for details on how best to make this a truly cutting-edge conservation plant, I ask you to please read carefully the testimony of Aiqueous and Amawalk, two of the consultants for some of the intervenors.

A few of my biggest concerns are that the savings from the rebate program would be evaluated after five years. I think there should be targets along the way. I would like to see the Company identify and fix leaks in the near term, not wait until the AMI and DMA are rolled out after four years. There should be third-party evaluations, measurement, and verification

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2 for all conservation results.

3 And finally one concern of mine that
4 was not addressed in the JP, but was
5 discussed by Robert Kecskes who was a
6 water supply planner who filed the
7 technical memo in this case on June 30th,
8 and that is to avoid the unnecessary
9 expenditure of ratepayer money on three
10 new production wells, each costing over
11 \$3 million, and those are listed on
12 Page 19 in the JP.

13 The PSC should require Suez to first
14 obtain a determination from New Jersey on
15 whether passing flows will be required.
16 Construction of these wells would be
17 intended to augment water supply,
18 especially during droughts, but this is
19 precisely the time that the wells would
20 have to be shut down to maintain a passing
21 flow to New Jersey. Therefore, the
22 ratepayers would be wasting over
23 \$9 million for these wells, and Suez would
24 not be insuring reliable water supply when
25 it's the most needed. Thank you.

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ALJ PHILLIPS: Thank you.

George Klein.

MR. KLEIN: Thank you to Commissioner Burman and Judge Phillips for being here today and holding this hearing.

My name is George Klein, I'm the Vice Chair of the Sierra Club Lower Hudson Group, which is a party to this case. Our Sierra Club group covers Rockland, Westchester, and Putnam Counties.

Our position is that the public should not have to fit the bill for the Haverstraw water supply planning costs, especially the way it's arranged in the Joint Proposal where the Company will make a profit. This sets a terrible precedent for companies to spend wildly on a project that will never get built.

We also feel that the conservation plan needs to be much stronger so we can maximize cost effective conservation before being asked to pay for another expensive infrastructure project down the road. I refer you to the testimony of

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consultants for the Sierra Club Atlantic Chapter that's the State entity of the Sierra Club. The consultants Jonathan Klineman, and for Rockland County Amawalk, this testimony offers detailed criticisms of the Joint Proposal and a roadmap to a more cutting-edge conservation plan.

Particularly important is that there be third-party monitoring of the conservation and non-revenue water programs, especially those related to incentives and penalties for company performance on the rebate program. To have the Company management evaluate its own performance to determine whether it merits an incentive or penalty, would raise doubts on any results the Company claims. There's a profound distrust of this company in Rockland. So independent monitoring will go far to help justify its claims.

In line with this reporting discussed in Joint Proposal should be frequent and posted on the DMM website for transparency

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2 and the ability to assess company
3 performance along the way. The Joint
4 Proposal currently suggests evaluating
5 success of the rebate program after five
6 years. That would be 2021 or 2022 after
7 which incentives or benefits would be
8 determined, if applicable. There should
9 be much more frequent targets.

10 Finally, the PSC should require Suez
11 to work with the Rockland Task Force on
12 the Water Resource Management on
13 coordinating public education and
14 messaging. The Company walked away from
15 the task force and tried to discredit
16 consultants and their work regarding the
17 rates, instead of erasing the debt in an
18 effort to approve its high real water
19 losses.

20 Suez should be made to work with the
21 ratepayers if they want to keep control of
22 water supply in Rockland County. There
23 are many voices calling for the ouster of
24 Suez because of mounting frustration with
25 a series of issues, cost perhaps first,

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but maybe not first. Thank you.

ALJ PHILLIPS: Thank you.

Matthew Pepe.

MR. PEPE: Hi, my name is Matthew
Pepe, I'm a New City resident. I'm also
here on behalf of the Construction
Industry Council, representing
approximately 650 contractors and
associate members across Hudson Valley.

I'm here to express my support for
the Joint Proposal. I look at this from
two angles. One, just from a numbers
standpoint. Percentage basis, all I could
do is ask around to friends that live in
other parts of the state, New Jersey,
other parts of the country, what are their
increases and what are they seeing. From
what I'm being told, we're in line or less
than, you know, everyone I'm talking to.
So just take on that -- it's less than I
expected as well. So just taking on that
point, I'll say it's fair. I mean, no one
wants to see any kind of rate hikes --

(Audience interjects.)

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ALJ PHILLIPS: Please do not interrupt, everyone has a right to be heard.

MR. PEPE: I'm a resident of Rockland County, so I have the right to be here as a person too.

Call me a realist, nobody likes to see any bills go up, and I probably am a realist, but I can accept that.

Then on the other angle, looking at if there's a percentage increase, what do you get for that increase? You know, as a consumer the elimination of the summer and winter rates, which never made sense to me to start with, I think you should reward people for conserving water whether it's the summer or winter. You conserve water, you get rewarded, you lower your bills, period. This eliminates the summer winter rates, which makes me happy.

If I put on my hardhat, there's \$150 million construction plan that comes along with this. I mean, that will put a lot of people to work. A lot of people

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that work in the unions that I negotiate with as part of construction industry. And that \$150 million is a lot more than that. When you talk about the people that are going to work on these projects, they live in the area, they pay taxes in the area, buy services in the area, they go to lunch in the area, that \$150 million adds up to a lot more than just that.

The construction and improvement program accelerates the improvements of the water mains, that's important to everybody whether you're in the construction or not. Most counties, they don't have the funding to continuously replace the aging water pipes and infrastructure and we're lucky that we do have that. So as part the construction industry, I'm grateful for that improvement plan.

The rebate system, which I have personal experience with, not with Suez, but with Orange and Rockland, it works. Someone said before, and I respectfully

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2 disagree, that people are going to upgrade
3 whether the rebate plan is there or not.
4 It's not true. I had the option to, you
5 know, get a high efficiency boiler, a
6 medium or a low efficiency boiler, this
7 was just last year. I chose the high
8 efficiency boiler 'cause I knew I was
9 going to get extra money back. It's going
10 to be the same with water. If I know I'm
11 going bet more money and going to
12 subsidize my cost for being high
13 efficiency, I'm going do that, and that's
14 what I did with Orange and Rockland. So
15 I'm definitely happy to see that rebate
16 system in place.

17 Low-income -- rebates for low-income
18 households, who can have a problem with
19 that. And the advanced water metering
20 sounds like a great idea to me.

21 Just on a personal standpoint. I'm
22 on a lot of Community Boards in Rockland
23 County, and what I've seen in the past,
24 you know, year, maybe two years, is that
25 every board I'm on there's someone from

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Suez or, you know, on the board or committees. For instance, on the Board of Hudson Valley Boy Scouts, we're always trying to raise money, there's always someone from Suez on those.

So, you know, my point to that is they're not looking at -- on a local level, they're looking at this from down on the ground, not from 50,000 feet in the air. And I think that's been a big improvement 'cause I've been on these boards and committees for a lot more than two years and I've seen that improvement and that outreach from Suez.

So just to wrap up, I support the Joint Proposal and I just want to move on a little to the future, get some jobs, people working. And thank you very much for hearing me.

ALJ PHILLIPS: Thank you.

Norman Cohen and Howard Phillips.

MR. COHEN: Thank you, thank you very much. I'm so pleased to be here and to provide evidential reasons why this

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proposal should not go through.

In the first place, the reason -- my name is Norman R. Cohen, I live in the Village of Chestnut Ridge. First of all, this is a major company, all right. It's got plants all over the world, and they even have facilities in Saudi Arabia, I guess they're a little drier than Rockland County. Israel, too, they even have one, too, but that may also be a little drier than Rockland County. How many plants, how many Desal plants do they really have in the Northeast? I wonder why, I guess maybe the Northeast is drying up. My understanding is with global warming, it's getting wetter all the time. How come they're not considering that?

Now let's look at the issues. When a major corporation, all right, looks at a situation where they are looking for the consumer, they must -- and they have to consult the Public Service Commission, they consult with the Public Service Commission, but they must also look at

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what they're planning to do. They didn't tell the Public Service Commission well we want to plan to put \$150 million in. The Public Service Commission, what did they say? You have a mandate to produce more water. But how should you produce that water? Well they made the decision that it would be good for their stockholders to make a capital investment, that's how stockholders make money. Okay. And you don't make money through management of water, through conservation, that's not the way stockholders make money. They are a public corporation, they are a powerful public corporation, and this is what powerful corporations do. Not for us, but for them.

In the testimony already made, I'm not going to be redundant and repeat some of the things that were said, that would be unnecessary. But they had decided that they had a free vote. They -- and we know what they were looking for with all the money that they were asking, and they said

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basically they think the Public Service Commission is their money bank, a piggy bank.

Well, Public Service Commission means two things; serve the public and also provide reasonable return. Screw the poor, you know, screw small businesses. No spreadsheets for accountability, accounting, no CPA involved, no Thomas DeNapoli, that wasn't even taken into consideration, why would you want to? Antiquated systems.

And finally, I want a quote to make. When I met Michael Pointing in person, when he left his position, not so voluntarily. Invest in water, it's a consistent, good investment. I wonder why. Thank you.

ALJ PHILLIPS: Thank you.

Howard Phillips and Joanna Dickey.

MR. PHILLIPS: Thank you, Your Honor, and really -- especially for the courtesy, and I want to thank you also for your patience, and Commissioner Burman.

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I'm going to get to the heart of the matter. I had the opportunity to speak to you at the other hearing just a few months ago, and again, getting to the heart of the matter, you know, people forget. People forget where this started, what was the catalyst. Well the catalyst came from elected officials. The catalyst came specifically from a County executive, a State representative, a Supervisor -- not I -- and other elected officials.

Back in 2004, first it started in 1999 with the severe drought we were going through, and then we had Hurricane Floyd that over night filled the reservoir back up and also the wells. But let's examine that. Let's talk about how it began.

These elected officials went around and demanded, then United Water, and New York State DEC, and New York State Public Service Commission, we need a new water source in Rockland County. They commissioned a study. They demanded that this study be done because Rockland did

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not have enough water. Now some people may have short memories. Some people may think this came from United Water. Ladies and gentlemen, it did not. This was demanded by elected officials.

Now I'm here to tell you, I don't want to see ratepayers, who are my residents, I have the good fortune of representing over 40,000 residents in this county, they've been paying enough. If you read today's paper, we're chasing out businesses, corporations, residents every single day.

Here's our dilemma. We're \$54 million down the road, we have nothing to show for it. We have absolutely nothing to show for it. Not one iota, stick in the ground, nothing. And here's the other dilemma. Coming in the future, we're going to need more water and that's a problem.

Now, I don't want to see any increase to anybody, and we've hired an expert attorney and an expert witness who have

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testified to that. But what we're also saying; myself, the Town of Haverstraw, the Town of Stony Point, the Town of Clarkstown, that if an increase is given please look at the formula in which we derive. But we don't want any increase, nobody would want an increase.

Here's what I propose. Since the people of Rockland County did not have a say in this, since it was demanded by the elected officials, and since the New York State DEC, Public Service Commission, said okay, you must move ahead on this. They submitted the plans. They did the study. They chose which one, you had the Desal, the toilet to tap, you had building a new reservoir. I had one supervisor in the County who really wanted a toilet to tap because he thought he was going to get it in his town.

So here we are \$54 million down the road, nothing to show for it, who's going to pay for it? That's the bottom line. Who's going pay for it? Here's my answer,

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let the State of New York pay for this. They created the monster. They allowed this to get out of control. They approved every single step along the way. They have more than enough money to be able to come in here, relieve the taxpayers, let's move on with our lives. Let's get some future answer to the real water problems of Rockland County, because we're going to have them. Thank you very much.

ALJ PHILLIPS: Thank you.

MS. DICKEY: Hi. My name is Joanna Dickey. I've lived and worked in Rockland my whole life. I'm an educator, and I would like to comment on the outreach and education plan Suez has proposed in the Joint Proposal.

The plan Suez has put forth is weak and entirely inadequate for the needs of Rockland and for the future we're headed into. The smart water fixtures and the rebates are good, but a big portion of the outreach plan takes place online and their website or social media platforms like

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Facebook. I wonder what will draw people to come on the website or Facebook page to, quote, learn, and is this really an effective way to teach people new water behaviors? I don't think so.

The conservation forms and do-it-yourself audits, although may be informative, are not an engaging way to attract water users. Where are the effective water opportunities here? We all know that the summer alone watering practice are a major culprit in our county's water use. Where are the workshops and incentives for planting native plants and grasses that don't require so much water to thrive? This should be high on the radar for Suez, but it's not in their plan.

Every educator knows that people learn best from watching other people showing and modeling new behavior. Advertisers know this, too, that's how they sell us things. Why not put in place a neighbor-to-neighbor program that

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showcases best home water practices and gives incentives to grow these new trends in neighborhoods. If you pair this with stronger water conservation programs in the schools, then the children will end up teaching their parents and make sure they're doing it right.

Water conservation should be on everyone's mind in Rockland County, but Suez's plan will probably end up as an unread feed at the bottom of a Facebook page. Because I work with children, I'm here to be a voice for the children. Educating people for the future means educating them to live within resource limits. This is not a preference. It's not an item that can be checked off a list. It's a responsibility and a necessity. It's an awareness that we must all live with every day.

The people managing our water have not realized this yet. And if not now then when will they? They keep dancing around about it with worksheets and

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promotional materials thinking that this will satisfy. We already know everything we need to know to make the shift, but this plan is proof that the water company is in the way of the progress.

There are some younger people on the PSC staff, my peers in my age group, and I can understand that maybe some of the older people at PSC may not get it because they're living with old school thinking. But I'm calling on some of you guys who are in my age, and have more -- many more years ahead of you and maybe you have young children that you're raising, we need this new thinking. We're seeing the big picture and this is Rockland's one and only chance to do this right. Changing people's water behavior requires changing their mindset, perception and values. This plan does not have the power to achieve this.

We're asking for a stronger conservation plan and a stronger education plan that will actually give us results.

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Thank you.

ALJ PHILLIPS: Thank you.

Connie Coker and George Potanovic.

MS. COKER: My name is Connie Coker, I'm a nurse midwife and I brought that commitment to public health and safety when I was elected to be a Rockland County Legislator in 2005, and that was a position that I served in for six years. Most of that time I was Chairwoman of the Environmental Committee, which provided me with a front row seat to the development of the proposal for the Desal plant and the opposition to that.

I'm very proud that I heard from so many people in those years, people who were community activists, citizens, residents of this county, who did so many thousands and thousands of hours of research, we would not have had this information.

Supervisor Phillips brought up about how the proposal for Desal began, and I also want to acknowledge how the

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opposition began, and it was from people who are still in this room, who are still doing the research, who are still bringing this information to us. We wouldn't have known it without you all. So I thank you all so much.

And I also want to acknowledge what Ms. Dickey just said about the future, and that the PSC is making decisions now and the DEC and all of us, hundreds of babies have been born in my hands, I was very honored about that and I carry that with me. I see them now they're turning 12 and 18, and the future is theirs, so I appreciate getting to stand with you all. I appreciate that those people who were still willing to continue to serve as elected officials, like Legislator Cornell, are continuing the fight and all of you that are still here. Thank you so much.

ALJ PHILLIPS: Thank you.

George Potanovic.

MR. POTANOVIC: Good evening, Judge

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Phillips.

I'm George Potanovic, I'm President of the Stony Point Action Committee For the Environment. I was one of those activists that helped to form the Rockland Water Coalition and build opposition to it over time as we learned more about the facts regarding that proposed project. I'm also one of the people that have also joined in with the Water Task Force, and I'm an intervenor on this rate case, because I'm interested in not only opposing, which we believe was a poorly conceived plan, but also directing Rockland County to a better direction by concerning better water management of our existing water resources.

The surcharge -- I want to talk about the Joint Proposal. The Joint Proposal does not represent the best interest of Rockland County. As an intervenor, that's why I decided not to sign on to the Joint Proposal that was agreed upon by Suez and the Public Service Commission staff.

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The \$54 million surcharge is an outrageous amount of money. Most people can't believe that a company could spend that kind of money on a project that wasn't needed, never approved, and was never built, and could be as much as \$82 million with interest.

Unfortunately, for many of us who have been in this process for the last seven or eight years, it seems obvious that there was a compliance on the part of the Public Service Commission with Suez to allow invoices to come in that were not detailed, did not even describe what the services that were provided and yet those invoices were approved as if they were going to be repaid by the ratepayers, and that's what makes up a large portion of the \$54 million. In fact, it's a subject of an Article 78 lawsuit currently that Rockland County has filed to have a court look at this information and see what is it actually that -- the content of those invoices that are being suggested that

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Rockland County pay for.

So I do not believe that the Public Service Commission at this point should make any determination about an amount of money that the Rockland County residents and ratepayers should pay towards the surcharge, that really has many questions yet unanswered concerning the costs that were involved at arriving at that amount of money.

Concerning conservation. The plan only suggests that 1MGD gain versus conservation, and I think we can do better than that. It was outlined much better, and I'm saying right now by Joanna regarding the need for greater conservation. And also that you have to get the residents of Rockland to buy into an idea like that. The Suez company seems to be fighting every step of the way concerning conservation.

We do it now with energy, the Public Service Commission has programs in place. You see Orange and Rockland running ads on

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how we can better save and make better use of our energy. We need a public relations campaign that's part of this, that we can actually get the public engaged in the idea that it makes sense to save water, and also is the most cost effective way to use our existing water resources.

I want to mention in Stony Point, where I live, and North Rockland, there's a tremendous problem with brown water. Brown water in fact is iron pipes that have rusted and corroded on the inside to such degree, that the inside of the pipes are loose from this rusted corroded iron. And when there is a break in the pipe and the full water pressure it turned back on again, it sends brown water or what seems like particles iron into people's homes. This has happened to me on September 16th, you can see this photo. On September 16th at 1:30 in the morning, I fell asleep watching television, so I get up and try to take a shower and I realize my water isn't on. I said, Why is it not on at

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1:30 in the morning? I actually got on the phone and called up Suez, no answer on their 24-hour emergency line. I called the local police, they didn't know anything either.

Okay. So the next morning I called 7:30, the water is going to be turned on in about ten minutes. Okay, the water gets turned on in ten minutes and this is what I got coming out for probably about 20 minutes. A lot of wasted water just trying to run that through the system. There's a lot of people in North Rockland that experience this on an ongoing basis, so it has to do with water quality but it also has to do with the issue in the Joint Proposal with fixing the leaks in the system and replacing pipes that need to be replaced.

From what I understand from someone who worked at the Company for many years, many of the four-inch pipes have only two inches of the capacity because the other two inches going around the outside is

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2 corroded iron that gets loose when it ends
3 up the full pressure gets put on the line
4 after a break or even when a Fire
5 Department uses a line. At the time this
6 happened, on this Friday, September 16th,
7 there was Facebook postings by all the
8 people in North Rockland saying they're
9 paying for water and paying some of the
10 highest rates for water and yet they can't
11 even drink the water, they buy bottles.
12 And they're concerned that this iron that
13 goes into their water heaters, their
14 furnace, into their appliances, they can't
15 even wash their clothes. So this is a
16 problem and it has do with the repair of
17 these lines and making sure Stony Point
18 lines are repaired just like they are in
19 Haverstraw.

20 Audrey Zibelman when she came to
21 speak to the Task Force promised us that
22 we would have an opportunity in Rockland
23 County to come up with an innovative plan
24 for water conservation that could be a
25 model for not only New York State but for

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the country, and that's what we're looking for. We're looking for something better than what's been proposed. Something better than the minimum that the water company seems to be interested in doing, and something better than the Public Service Commission seems to even understand, because I don't think you have the expertise on your staff to do that. And unfortunately we don't have the money to hire the experts that we need to make the kind of effective proposals that need to be made on behalf of the public's interest, so this proposal can be in the interest of the public, because right now this Joint Proposal is not in the best interest of the public.

So maybe the system needs to be set up and we need to get the funding that Suez has and they can turn on and charge us for it in the next rate case, but we need to have the experts on board so they can make sensible water conservation plans that are workable and effective in the

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best interest of Rockland County residents. Thank you for your time and attention.

MS. DRECHSLER: Thank you, Commissioner Burman and Judge Phillips.

It's so horrible to speak after George Potanovic, he said everything that needs to be said.

I would like to bring up a couple things, however. The fellow who spoke earlier, he said that he's part of the builders union, Matthew, New City resident. He's here expressing support for the Joint Proposal. Why? He says that he accepts that bills can be going up. We are already paying one of the highest rates in the nation. He says that there are jobs, people will be working, \$150 million construction plan. What plan? I'd like to know.

I'd like to talk about the interest that's being charged on \$54 million. I understand that Suez borrowed money at 2 percent and they're charging us a

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whopping fee on top of that. Why would that be allowed?

I'd like to talk about why Al Samuels and the Rockland Business Association is now a part of the Joint Proposal. Al Samuels says that he speaks for 900 businesses in Rockland. I personally can speak for about 250 businesses, most of them restaurants, that can not believe that this is an acceptable proposal.

I would like to know why the Public Service Commission condones this Joint Proposal? Why they endorse a charge back on the ratepayers of Rockland County? Why do we have to pay for business mistakes and losses that Suez incurred? I believe this Joint Proposal must be scrapped. It is unjust. Thank you very much.

ALJ PHILLIPS: Thank you.

Richard Merola.

MR. MEROLA: Good evening. My name is Richard Merola, I'm resident in Clarkstown for about 46 years.

Unfortunately I never got involved in

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this Desal problem a few years ago, and I wouldn't be here tonight if it wasn't for my wife saying there was a meeting tonight.

Let me start by saying, and I'll try to be brief. I had enough stuff here to keep you busy for about three hours, but I condensed it twice. So I'll try to rattle this off in about two, three minutes.

The first thing I want to say is that this Joint Proposal, I didn't know about that until I was sitting in this chair, and I think that's a joke. And I think the New York State Commission -- Public Service Commission should not even consider something like that. I think any corporation -- in some businesses corporations have R&D, research and development. In this particular case, they did studies, they were already told before they did the study that we didn't want this Desal plant. So for them, and with all due respect to the Commission, to agree to something like that is absurd.

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It doesn't make sense. That's the cost of doing business. That's the way I did it when I was younger.

Couple things. As far as the towns in State of New York. As far as I know from the research I did, I think Suez is only in Rockland County if I'm correct. I might be wrong but this is the work I did over the last couple days. In New York State, all the big city's are public water entities. New York City, Syracuse, Buffalo, Albany, Yonkers, Rochester, they're all public utilities, not private.

Why, first of all, and I don't know the genesis of what happened, but how in God's name did a company in Paris, France wind up running our water system, and they were allowed to purchase this from United Water? Having -- that was a private company, but the reality is this company is in Paris, France. Interestingly, and I don't know if anyone know this or not, but in Paris they threw Suez out of their city.

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So the Public Service Commission should understand that. There's a -- the gentleman, with all due respect, let the State pay for it. No, that's not good. If I got to pay for it now over the course of a few years, I'm going pay it in my New York State taxes. That's baloney. I don't want the State to pay for it, I want Suez to pay for it.

Now in this area, Rockland County, and from what I remember, United Water was Rockland County and Bergen County, New Jersey. What I'm proposing, this my forum, a good time for me to say it, there's a process called remunicipalisation, which is turning your private water service to a public entity. It's a common practice because private companies promise you the moon -- and the service should understand this -- they promise you the moon but fail miserably. Two locations in 37 countries were recorded between the year 2000 and March 2015 and changed from private to public.

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In the United States alone, 58 towns or cities changed from private to public. I am expecting, and I hope, that the Public Service Commission takes a very strong position on the Suez request to quote-on-quote pass along this Desal study and the cost goes to the consumer. It's greed, it's corporate greed, and that's all it is. Couple things and I'll finish real quick.

The main reasons for remunicipalisation is because private water companies have a litany of bad things that go on. And the New York Public Service Commission does not know about private companies, particularly Suez. And I'm -- just two things and I'll tell you. Poor performance -- this is all Suez -- poor performance, underinvestment, disputes, operational costs, soaring water bills, monitoring of private operators, total lack of financial transparency, workforce cuts and poor service, and creation of long-term relationship with an

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outside service provider lasted for many years or decades.

When you sign a contract you might be there for life, it's almost impossible to get rid of these guys. But you can do it. We can do it if we have a coalition of the Town Supervisors, the County Legislature, and get over to New Jersey, get to Bergen County. If one county can't do it, two counties can.

As far as the track record, and you should put a lot of credence into the track record of Suez 'cause I'm pleading with you to understand our plight. Suez has a very poor track record in the United States. Indiana, Milwaukee, Massachusetts, Atlanta, New Jersey, had unauthorized increases totaling \$6 million in pass-alongs without those city's approval.

And finally couple more things -- cities that.

ALJ PHILLIPS: You keep saying a couple more things.

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MR. MEROLA: This is the last thing. Cities that ended their relationship with Suez: Houston, Texas; started in '96 ended in '01. Laredo, Texas; '02 ended in '05. Milwaukee, '98 ended in '08. North Brunswick, New Jersey; '96 ended in '06. Fairfield, Connecticut, not sure when they started, but they ended in '08.

In France, both the Mayor and the County Executive -- company executives were convicted in '95 for accepting and paying bribes. Suez is a company that does not have a good track record. Play Columbo, play detective, and find out what you have to find out about Suez.

And this is the last one. In 2003, Halifax in Nova Scotia canceled its contract with Suez subsidy valued at \$465 million to run the City's sewer treatment. The cancellation came after the company refused to take responsibility -- this relates to us -- for future failure to meeting environmental standards. The Company was instead hoping to force

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taxpayers to pay for the cost of
environmental cleanups. It's a joke and
that's what they're trying to do to us.
Thank you.

ALJ PHILLIPS: Thank you.

MR. PARKER: Thank you, your Honor.
Commissioner, thank you as well for coming
to Rockland for this important meeting.

My name is John Parker, I'm director
of legal programs for Riverkeeper.

Riverkeeper is a local environmental
organization that's a party to this
proceeding and we've long maintained that
sustainable, safe, and less expensive
options are available to meet the water
supply needs of Rockland. These options
include robust water conservation and
reproduction initiatives. Riverkeeper has
also long maintained that the right choice
is required for this facilities.

Suez New York and -- Suez Water New
York and its predecessors chose to advance
the Desal plant and that choice was
rejected. We're now left with an

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important and profound question. Who should be asked to pay the bill for Suez advancing a very expensive project: The Company that made the decision or the ratepayers that rely on the water every day?

Bad choices continue, however. The proposal from Suez to pursue only the minimum water saving measures in the Joint Proposal, if anything, is a step backwards. Rockland residents should be given the best in water and the best in water policy.

So to the merits. So why 2 million gallons a day? The Company bears the burden of proving that the proposed increase is justified for their 2 million gallon a day target, but they don't. There's no dispute among the parties the conservation is the most cost effective method to secure additional supply. But if we look at the record, what does it say? The Commission says that higher levels of water conservation provide money saving

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benefits to both ratepayers, to the Company, and to its shareholders. Further, about 1 million gallons a day of water savings that Suez estimates that will result from its conservation plan, importantly, and I quote, is not a limit, but a cap on the water saving potential of this program. Not only can more savings be achieved, more must be done to maximize conservation benefits and minimize long-term costs for these customers.

Doubling cost effective conservation is, in fact, possible. The report concludes that real water loss reduction can be doubled to 2 million gallons a day. And that 2.2 million gallons a day of water conservation savings can be achieved. This approach should be required because the Commission found that an additional 5 million gallons a day may be necessary as soon as 2035.

Cost effective conservation makes sense, we've heard it here tonight. And a demonstrated possibility to double

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potential savings to over 4 million gallons a day from conservation and loss reduction, is necessary and should be required now for the long-term sustainability of this water supply.

In conclusion, the Commission must embrace this opportunity and its obligations, and Suez must implement aggressive and comprehensive demand side water saving measures to protect both the water supply, the financial resources of Rockland County's residents, and the best interest of this community. Simply, water is precious.

We urge the Commission to set the bar high in this proceedings for a water conservation based future and change this Joint Proposal accordingly. Thank you.

ALJ PHILLIPS: Thank you.

MR. TARANGELO: My name is Joseph Tarangelo and I'm a senior citizen and seniors are getting hurt all along the way. We can't afford all these raises and everything anymore, because we are getting

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hurt.

As far as this \$54 million is paid, I'm sorry, sir, but I think the State should pay for the \$54 million. You all never ask for the Desal plant, you never got permission from our legislators or our supervisors. So I don't think that's fair that you go out and make us pay the balance. I don't think it's fair that the seniors have to pay or anybody has to pay this extra money.

Meanwhile all our water from the reservoir goes to Jersey, which is a lot of baloney, too. We should keep our water here, and we wouldn't have this problem. So you got to help us out. And like I say, some of us seniors are on limited income, they get \$1,500 a month, that's all they get. And I see them when they come to the club, just for a cup of coffee and a piece of cake, how they struggle. So please help us out, too.

ALJ PHILLIPS: Thank you.

Michael Shilalle.

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MR. SHILALLE: Good evening, your Honor, Commissioner. My name is Michael Shilalle. I spent most of my life here and grew up here and went to high school here, East Ramapo. After graduating from Rensselaer Polytech Institute with an architectural degree, I fell in love, got married, chose to raise my family here.

In 1991 I started my business here. I've been an architect for over 30 years bringing environmental passion and focus to all of my work. I'm a credited design professional and last year I attained rigorous certified passive house status as a consultant.

I'm the founding chair of the Rockland Business Association Green Council, dedicated to providing green construction, education and advocacy for our businesses, and serve on their Board of Directors. I recently helped launch a new council of the RBA, dedicated to construction, real estate and development in Rockland County. I like to thank our

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county executive as well for helping us launch that important council. It will help businesses grow and relocate through to Rockland County.

For purposes of full disclosure, I've been working with Suez, and previously with United Water, since 2007. I find their company and their people to be among the most talented expert clients I've ever served. They are people of high character and integrity. I've also worked for the County of Rockland, many other municipalities here. Rockland Public School District, many not-for-profits, including Camp Venture and most recently the Rockland Mental Health Association. I can also count hundreds of other businesses and organizations here in Rockland County as clients. I love this county.

We learned yesterday that some of the reasons why Rockland County is the second highest tax county in the nation, if you read the newspaper and if you read the

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White Paper that was recently published, you know the problems are many. And high water bills, I'm afraid, are not one of the problems. While as a resident and a business owner, I'm very sensitive to the high cost of living here and of running a business here, my business and my home are about -- this is right in the middle of both. I live here in the city and I'm one of the constituents of Assemblyman Ken Zebrosky, who I like, who does not agree with me.

I believe we need to work together to keep Rockland economically and environmentally sustainable. If you read the White Paper, economic development is part of the answer. One reason I'm volunteering my time to create this new construction, real estate and development council is I believe Rockland County needs quality, sustainable construction and economic development.

Our county executive is doing his part to control spending and minimize tax

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increases, but the RBA's White Paper shows our current situation is not sustainable. It suggests one possible solution is economic development, bringing in more businesses to help increase our tax revenues. We need our citizens, our towns, and our villages to work together to support sustainable development.

I endorse the new rate structure proposed by Suez. It will eliminate the summer winter rates and reward customers who conserve water. Me being one of them, we flush all our toilets in our office building with rain water. I believe New York State and Suez has reached a fair compromise on how to pay the costs associated with the Desal plant that was abandoned last year.

I agree with the Rockland Business Association and believe the Joint Proposal is in the best public interest and presents an opportunity for all of Rockland County to move forward, secure the knowledge that we have an adequate

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water supply, conservation infrastructure and planning being responsibly and cost effectively managed by Suez.

And if I can just add two dirty little secrets that were not brought up here tonight.

ALJ PHILLIPS: Let me note one thing the timer did go up. So please --

MR. SHILALLE: Two quick things. Increasing rates actually encourages conservation. And number two, your elected officials can legislate that conservation if you guys ask them to. Thank you very much.

ALJ PHILLIPS: Thank you.

MR. DEGENSMEIN: Honorable Judge Phillips and Commissioner Burman, I'll read an abridged version of what I have and leave the full text at the front desk.

I'm a member of the Rockland County Task Force on Water Resources Management. I'm also a member and an intervenor in this proposal.

My personal conclusion when I look at

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the Joint Proposal is that it is fair and equitable. Some wish to blame Suez for developing and then defending the Desal plant. One that has past muster with the State Department of Environmental Conservation. Some wish to blame the Public Service Commission for its direction and oversight of the utility company in the process. Still others would blame elected officials for unquestionably yielding to the outcries of their constituents for more water. And others suggest that the fault lies on the shoulders of the majority of the general population represented today by all of us in this room who once demanded more water.

I see fault finding blame to be of no value, but rather I seek a resolution that given the circumstances of this case is as fair and equitable as possible to all. The Joint Proposal before us offers such a settlement. Suez has committed to invest heavily in infrastructure. Rockland has requested an accelerated program of

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2 reduction of non-revenue water loss from
3 leakage. Water is a necessity and it
4 comes at a cost. Simply put, if twice as
5 many miles of pipe are replaced in a given
6 time frame, it will cost twice as much
7 money to accomplish in that time frame.
8 We forward that expense must necessarily
9 be reflected in consumer rates.

10 In the short- and long-term,
11 accelerated repair and replacement
12 reflects the cost benefits to a community,
13 such as ours, with the State admission of
14 water conservation. All conservation
15 measures have a cost and the Joint
16 Proposal offers those measures that will
17 be most effective at the least cost to the
18 consumers.

19 Suez's advanced meter technology will
20 allow customers to frequently monitor
21 their water use, which in turn often
22 motivates homeowners to intensify their
23 conservation measures. I believe the
24 rebate program for plumbing fixtures
25 fitting and appliances will be embraced by

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Rockland residents. The business community will also benefit from water audits and potential rebates.

I'm impressed with Suez's commitment to expand outreach to the public to promote conservation. The proposed new rate structure will eliminate the antiquated summer winter rates and replace them with a rate schedule that will reward water conservation regardless of yearly and seasonable climatic conditions.

In conclusion, the need for a rate increase is complex and defensible. The result average rate increase is a fair deal for Rockland residents considering the overarching environmental benefit and cost benefit of the conservation measures, and the specific investments involved in the rate case. As such, Suez and New York State have reached a fair compromise on how to pay costs associated with the Desal plant that had been forestalled at the request of the Public Service Commission.

The compromise reflects the expertise

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and profound international industry knowledge of our public utility company. The Joint Proposal will serve as a bridge over a turbulent effort so that calmer waters may flow uninterrupted for the benefit of all Suez's customers in Rockland County. Thank you for your consideration.

ALJ PHILLIPS: Again, everyone has the opportunity to be heard and I hope that everyone will be respectful even if you disagree with what's being said.

With that, Hector May and Al Samuels. And again, I'd like to encourage you to stick to three minutes.

MR. MAY: My name is Hector May. I'm president of Executive Compensation Planners, an investment and benefit advisory firm located in New City. I'm also an officer of the Rockland business association.

I want to thank Honorable Judge Phillips and Commissioner Burman for listening to my comments. I'm taking a

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different approach because I am an investor.

The Joint Proposal is good for Suez's customers and an opportunity to turn the page and move forward. Suez and New York State have reached a fair compromise on how to pay the cost associated with the Desal plant that was abandoned last year. The compromise is very important, for it sends a clear message to the investment community. This community is not the one percenters that are viewed as millionaires and billionaires by the obstructionists and naysayers of this program. They are the institution of investors, such as unions pension plans that cover municipal workers at the County, State and federal levels. Police officers, teachers, and millions of individuals participating in 401(k)s, 403(b)s, and other qualified plans.

Trustees of these plans look at the stocks and bonds of utilities as a prudent investment as required by the Internal

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Revenue Service for the participant's investment abilities. It is important that utilities operate at a level that generates dividends at 2 and a half to 3 percent-plus on their preferred stock, and 2 to 3 percent-plus on their coupon of highly rated bonds. Suez, like other utilities, must guard against major losses in their operations, for this would be viewed negatively in this marketplace of qualified plans.

Suez acted correctly in conjunction with New York State to minimize the effect of not going forward with the Desal plant. Without this compromise, a \$54 million loss would have had to be recognized by Suez. This would have had a severe ripple affect in the marketplace and the holders of Suez stock and bonds.

I want to thank the New York State and Suez for coming to an agreement in this matter. Thank you.

ALJ PHILLIPS: Thank you. Al Samuels.

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MR. SAMUELS: Judge Phillips,
Commissioner Burman, thank you very much
for being here. It's good to see you both
again.

I'm Al Samuels, I'm president and CEO
of Rockland Business Association, and
although I didn't plan to say this, there
is a comment I have to make that reflects
on my being one of Rockland's two voting
members on Governor Cuomo's Mid-Hudson
Regional and Economic Development Council.
Because experience from that Council and
the full 28 years of my experience in
economic development reflect very heavily
on some of the aspects here.

I want to first address though some
of revisionism that I've heard. And there
were some things that perhaps corrected
it, but I don't think enough. Supervisor
Phillips was absolutely right. This
project was begun by elected officials who
served on the Environmental Committee of
Rockland County Legislature. It was
birthed here by members of the Rockland

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County Legislature, supported by the colleagues in the full chamber, and very much supported by the Rockland Business Association.

Somewhere along the line some fear factors set in and there was a lot of push back from members of the public against the project, even before it was determined that Desal was the choice, there were other issues. Those same elected officials decided to sign on, with the general public that had come to them, to say no, we don't want this. And they began the reversal project.

So, in fact, our elected officials began the project and were instrumental in getting the project killed. Caught in the middle was Suez. They may not be appreciated or liked by many in this room, but the truth of the matter is the private company was ordered by a State entity to embark on an initiative not of their making. They did that and they followed the rules that were set by the PSC. They

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offered alternatives, they decided on a course of action, it was approved. It's been stated here not approved. It was approved. It was approved by the Public Service Commission, and initially by the individual who actually chaired the Environmental Committee at the time.

They were then told to cease and desist because the groundswell of objection was so loud that the PSC didn't want to deal with it, the local officials didn't want to deal with it, and the administration didn't want to deal with it. But a company was ordered to do something that cost them a lot of money. If they are not made whole, I tell you as a member of the regional council, I tell you as someone with 28 years of experience in New York State economic development, business won't come here.

Why come to a state that's ranked 49th by the tax foundation? And that report came out again yesterday. Why come to a state where we might be subject to an

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order from the state to commit funds that we will never be able to recover in the course of normal commerce? We have never in the RBA ever, in the 49 years we celebrate our 50 years next year. We've never got ourselves involved in a rate case anymore than we've gotten ourselves involved in the pricing of any member company's goods and services. We don't do that. We're public policy, we're economic development, we don't get involved in pricing, but this is an extraordinary situation.

We don't want to pay, and I'm a resident of Gardenville, it's high enough in North Rockland. My businesses don't want to do that, but we must acknowledge that the Company is not responsible for the amount and should not be held responsible with regard to the repayment.

Somebody has to pay them back. If the State of New York won't do it, and there's no structure for that, when the truth of the matter is the elected

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officials who were elected by we the people, reflects on we the people being responsible because we elected them and allowed them to do this.

I ask you to make Suez whole by whatever means is available to you. Thank you.

ALJ PHILLIPS: Thank you. I just want to note we're going to take two more speakers and then take a convenience break. Audrey Friedrichsen and Mark Johnson. And again, I'd like to ask if you could keep it under three minutes, I'd appreciate it.

MS. FRIEDRICHSEN: Good evening, Judge Phillips, Commissioner Burman. My name is Audrey Friedrichsen, I'm the Land Use and Environmental Advocacy attorney at Scenic Hudson. I probably have the longest title here. So I will try to keep this brief. I'd like to read the following into the record.

Since 1963 Scenic Hudson has worked to protect and restore the Hudson River as

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2 a national treasure and a vital resource
3 for both residents and visitors. We've
4 been involved in Rockland County water
5 planning since 2007, when the Desal plant,
6 which would have been both expensive and
7 environmentally harmful, was proposed to
8 be built on the shore of the Hudson River.

9 Together with the Rockland Water
10 Coalition, and sharing the support of
11 numerous elected officials, we
12 participated extensively in the
13 environmental review process, as well as
14 the various proceedings which culminated
15 in the Public Service Commission's order
16 to abandon it. We were gratified when
17 that order directed Suez to pursue demand
18 side management and water conservation as
19 an alternative of new supply and for the
20 Company to propose those measures in that
21 next rate case that issued today.

22 Following the order, Scenic Hudson
23 along with Riverkeeper, members of the
24 Rockland County Water Task Force and Water
25 Resources management, along with the

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Company and its consultants had numerous meetings with the goal of developing an effective water conservation plan for the county that would become a model of other communities around the State.

Unfortunately the plan proposed by Suez in its February rate filing was a limited "business as usual" approach to water conservation with a target of only 1 million gallons a day, or MGD, over five years with no real cost benefit analysis or any robust outreach and education efforts to back it up, which we heard so as far tonight was exceedingly important to such success of this program.

In July, Scenic Hudson with Riverkeeper and the Water Coalition submitted an expert report, an Aiqueous report, that identified cost effective modifications and additions to the proposed Suez conservation program to achieve over 4MGD in water savings.

Following the filing of testimony and comments, Scenic Hudson and many others in

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1
2 this room participated in serious
3 negotiations in an attempt to reach
4 settlements on all issues in rate case.
5 In the end, out of many that were parties
6 to the case during negotiations, only two;
7 the DPS staff and the Company itself,
8 signed on to and support the Joint
9 Proposal that's at issue here tonight.

10 As you've heard, this is not a
11 typical rate case. It includes a charge
12 of \$54 million advertised over 15 years
13 for a total of \$82 million, which
14 ratepayers are being asked to pay for a
15 poorly conceived idea that was not needed.
16 Secondly, it impacts the long-term
17 sustainability of Rockland County water
18 supply. Water conservation and outreach
19 and education program, non-revenue water
20 reduction measures, the incentive
21 mechanisms and rate structures that will
22 be established are critical to ensuring
23 the presence of a reliable supply.

24 I like to address the Joint Proposal
25 itself. Adoption of such a poorly

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2 conceived plan such as the conservation
3 measures would set a poor precedent, would
4 be in conflict with state policy promoting
5 aggressive energy conservation, it would
6 be irrational to adopt a Joint Proposal
7 with such a low savings of 1MGD when
8 expert evidence shows we can save four
9 times that amount.

10 Also the Joint Proposal contains a
11 cobbled together piecemeal, rather than a
12 real conservation plan developed with
13 expert support in a whole concept.

14 Further, the insufficient conservation
15 program fails to protect the ratepayers
16 from future supply costs, where they're
17 already facing the costs of the failed
18 Desal plant. The record fails to
19 demonstrate that the plan was either cost
20 effective or successful.

21 And most tellingly, out of the 25
22 parties that were parties during the
23 negotiation, only two of them signed on.
24 This militates strongly against any
25 finding of public interest. Obviously the

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public that participated in negotiations obviously does not find it in their interest to sign on.

Thank you for the opportunity to comment. We will be submitting further comment before the December 6th deadline.

ALJ PHILLIPS: Thank you.

MR. JOHNSON: Good evening, Judge, Commissioner. My name is Mark Johnson, resident of Stony Point.

So it remains a mystery still how United Water, now Suez, could have moved as far as it did toward the construction of a Desal plant in the Haverstraw Bay Estuary, and have incurred the level of expenditure that it seeks to recover without oversight by contracting entities served to constrain it. The fact that independent, citizen-driven organizing was sufficient to halt the project, is the strongest evidence available that it was misguided from the very beginning.

The fact that the project proceeded as far as it did has clearly alerted a

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significant portion of the customer base of United Water, now Suez, to exercise a much higher level of scrutiny and inquiry going forward. First, to resist efforts to foist costs which were inappropriate on ratepayers. And secondly, to ensure in moving forward the Company and contracting agents are fully accountable to the general public as taxpayers and consumers.

We also recognize that to the extent that Suez Water carries a tax liability, that that cost is simply factored into rates and becomes a hidden additional tax burden to the tax paying public. A burden that should result in a clear and comparable service, which is a state not yet met in the proposal on the table.

The corporate charter under which Suez Water operates, and the contracts that they hold to do business in Rockland County, should establish the highest bar for meeting the needs of this community to have a safe, and dependable, and affordable water supply as a matter of

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course. A bar that should not be lowered in deference to shareholders' profit interest.

This should include plans which count for aging infrastructure, water loss and delivery called non-revenue water, conservation education and practices, and fiscal responsibility that reflects the capacity of the community as well. If this is not the case, then not only should rates proposed not be accepted, the corporations charter should be rescinded and the people should regain control of the system of supply for the common good.

It is time to ask serious and transformative questions about the impact of privatizing public goods in the name of efficiencies that do not materialize, and which instead result only in the exorbitant remuneration of corporate stockholders. It's time to revamp the process of corporate charters and to hold governing bodies accountable to the public to that end. Thank you.

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ALJ PHILLIPS: Thank you.

At this point we're going to take a brief ten-minute break. When we come back I'd like to have Rosa Marie Castillo-Kesper at the stand.

So at 7:56, please be back.

(Whereupon, a short recess was taken at this time.)

ALJ PHILLIPS: We're going to get started again. We'll continue with Ms. Castillo-Kesper.

And again, I just want to reiterate I'm asking people to please limit themselves to two to three minutes tops, this is has been an effort to try to get to everyone. We have more cards than we may be able to get to. So please adhere to the time limit.

MS. CASTILLO-KESPER: Good evening, Judge Phillips, Commissioner Burman, members of the Rockland County Legislature, fellow advocates and resident water consumers. My name is Rosa Marie Castillo-Kesper, and I'm director of the

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operations for the Public Utility Law Project of New York, known as PULP, and most assuredly not in support of the proposed rate agreement.

I have 40 years of experience in community and economic development and urban and rural housing, all of which rely on an accessible, affordable, and quality supply of water. At 70 years of age, I am forward thinking and believe that you do it with the people not to the people.

I thank you for the opportunity to speak on this very important matter and ask that you indulge me as I begin my comments with a story.

It is said that a man emerged from a desert to gradually find himself in a very lush green forest. He didn't look above, before or around him, but rather as he walked he gazed on the ground. In time, anyone willing to do so would have looked at and heard the muted thunder of a cascading waterfall splashing into a vast crystal pool. The man, however, continued

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to walk with his eyes fixed on the ground. There came a time when clouds gathered and poured warm rains penetrating every layer of the man's clothing. Obviously he continues -- oblivious he continues his steady gaze in search of something on the ground.

Eventually he came to a clearing, and on the right were creatures from the forest gathered to drink water at the edge of a lake so pristine that the stones and rocks, schools of fish and dancing vegetation ten feet below the surface, could be clearly seen. Ignoring the surroundings the man's eyes were fixed on what he had been searching for. A Y-shaped branch. And he exclaimed, Eureka, now I can look for water.

So the parallel between this story and the issues of the Suez search for an alternate water supply seem indistinguishable. Ten years ago a US Geological Survey Scientific Investigation report prepared in cooperation with the

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County of Rockland and the State of New York Environmental Conservation assessed the water resources of Rockland County, emphasizing the sedimentary bedrock aquifer.

Described as a major source of public water supply, the report identified the conditions that impeded the replenishment of aquifer and compromised the quality of ground water. The report was cleared and noted that sustainability of supply and quality were dependent on water management. Adjust water use during drought periods and during summer peek periods, and avoid the loss of supply from ground water contamination.

As noted by George Potanovic, a Desal plant in an area with 50 inches worth of water a year. Why? Sadly, Suez pursued its search for a Y-shaped branch, a rod, more importantly a dividing rod, for its found alternative water supply; the Desal project.

Apparently Suez was unwilling to

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1 recognize what was there, the obvious and
2 abundant water supply below the surface of
3 300,000 resident consumers in need of
4 preservation and conservation. And
5 ultimately precious time that could have
6 been devoted to addressing the adjustments
7 of use and contamination were expended on
8 a futile paper chase.
9

10 Adding insult to injury, that very
11 population is being asked to shoulder the
12 burden for the plant that never happened.
13 We need to put a face on the ratepayers
14 this is affecting. 108,000 individuals at
15 age 50 years of age or older, currently on
16 or on the threshold of fixed-income, and
17 87,000 children 18 years of age or
18 younger, a future generation who will be
19 asked to pay rates compounded on the base
20 of the Desal folly. 40,000 or 24 percent
21 of these two population groups configure
22 the face of poverty in the Rockland
23 County. 74,000 or 75 percent, more than
24 98,000 households in Rockland County are
25 customers of Suez or simply stated 8 out

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of every 10 households in this audience tonight rely on the Company for water.

You've heard all of the statistics, and I won't belabor that, but I just want to note that the gratuitous awards by the Company's Charity Suez Cares, of an occasional \$100 to a 100 or so ratepayers on an annual basis, does not constitute a low-income subsidy. PULP estimates that the cost of such a low-income would be \$4.8 million. While that sounds like a lot of money for most of us, please consider that the Suez Water revenue in 2015 was \$15.14 billion Euros, not dollars, Euros, albeit global, \$4.8 million is a drop in the bucket, as is the payment for the plant that never was.

ALJ PHILLIPS: You're now at five minutes.

MS. CASTILLO-KESPER: Doubtless you have heard the statistics and much more, while we identify the hungry, however, that appear in food pantries for the bags

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groceries that will stave off hunger for a few days. While we can identify our neighbors who have not paid their rent or mortgage by the eviction and foreclosure notices on their doors. Will we be able to identify the senior or child suffering from dehydration becoming ill because their water has been shut off?

While the Suez company territory is solely middle class, the preponderance of baby boomers, such as myself, reaching the fixed-income chapter of their life is unprecedented. How will they and their grandchildren survive?

A few weeks ago a Lakota leader from the North Dakota Tribal Nation, while protecting his nations water supplies, states, "We have lived without money. We have lived without things, but we cannot live without water."

Sometimes the simplest statement gives us clarity. Thank you for your time.

ALJ PHILLIPS: Thank you.

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MR. Skoufis: Good evening, Honorable Judge and Commissioner. Thank you for the opportunity in attending here tonight.

My name is James Skoufis, I'm State Assemblyman representing Stony Point, as well as much of Orange County. In fact, I was late tonight because I was coming from Stony Point speaking to roughly around 100 people who repeated the same issue to me as their neighbors, they're being taxed out of their homes.

The North Rockland School District has about a \$400 million bond to pay for the largest tax in New York State to cover the closure of a power plant and reduction of another. The last thing they need is an increase in their water bill to pay for a mistake that a corporation made.

So like any child growing up I would occasionally get in trouble, I would occasionally make a mistake. But never when I caused trouble or I made a mistake did my sister get punished or did my sister get grounded. That is totally

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illogical, and I think that's exactly what's being proposed here.

The people in Rockland County, the many thousands of people I speak to over the years, including those in Stony Point, very, very view of them wanted a Desal plant. The people of Rockland County, based on the Public Service Commission's decision, which decided didn't need a Desal plant, and yet despite that, those very same people are being asked to pay for the mistake of Suez in proposing this Desal plant in the first place.

It's totally illogical to me. It doesn't make sense and I do hope the Public Service Commission does reject this proposal. The people who should be paying for this mistake are the people involved with the corporation, whether it be the shareholders or internally within the corporation itself.

And if I may make a proposal. If by some reason the corporation can't afford to pay for this mistake, and I have no

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reason to think they cannot, then I would suggest that they sell their infrastructure at a discounted rate to municipalities so that we have municipally-run water going forward, and we're never put back in this position in the future.

So thank you for your time and the opportunity again. Thank you.

ALJ PHILLIPS: Thank you.

Joseph Angelillo.

MR. ANGELILLO: Joe Angelillo, New City.

I can't believe we're talking about water. Water. How did it get this far? What happened? Where were our elected officials and the bank of lawyers, everyone? Water? We're down to water?

What are we going to do next? I can't believe what I'm hearing here today. We're fighting over water. And who's going to be taxed and who's not going to be taxed. What were they doing? What were they doing, these elected officials?

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Weren't they there? Didn't they anticipate -- just take a look at their bill from United Water, you have to be a chemical engineer to read it.

They do whatever they want. They went into the the insurance business. All of sudden I found out from the middle of the street to my house is my responsibility. And if it breaks, I have to repair. So they have an insurance out there. They're insuring homes. For anyone who's line breaks. I never knew that. I don't know who the heck set this thing up in the beginning with the utility.

My telephone line comes to the house, the gas line comes to the house. Anything happens, they got to pay for it. But with water, if it brakes it's your responsibility. They opened up their own -- they have their own business going. They're selling policies. They got an insurance policy to have a washer in your sink. There's another business entirely

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going on here. This thing is all mixed up. There's something wrong. I can't understand it. Water. We're down to water. What a shame. What a shame. I'm embarrassed to be here. Thank you. Good night.

ALJ PHILLIPS: Thank you.

Susan Shapiro.

MS. SHAPIRO: Good evening. I was born and raised in Rockland County. And I'm a business owner and a property owner with various interests throughout the county. And I'm also an attorney representing many other residents and many other businesses.

As you've heard tonight many of us believe that this Joint Proposal for the ratepayers to pay for the -- as I will quote the woman who spoke before me -- the plant that never was, is not in the public interest. Nor has it ever been. So I must ask, what standard has the PSC used to determine that this Joint Proposal is in the public interest? I really would

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like the PSC to present that to us because it's very unclear how you can come to that conclusion given the facts.

Just because Suez made a bad business decision does not obligate the PSC to unduly burden ratepayers to pay back their bad business decision. If I make a bad business decision in any of my businesses, it's my responsibility, it's my loss. I take the loss. I take the responsibility. I don't get somebody else to pay -- bail me out or pay for it.

Suez's decision to choose the Desal from the very beginning was an ill conceived gamble. Basic commonsense from the very beginning of this process was all that was needed for anyone to know that Desal was unreasonable and irrational on the radioactive lake in Hudson River three miles down river from the aging leaking nuclear reactors. And also the most expensive, the most absolute expensive option they could have picked, and why? It's because it's a Ponzi scheme that they

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bought into. They said let's pick the most expensive thing so we can charge the ratepayers and the PSC will approve it and it will look good to our shareholders. We're not obligated to their shareholders to make a better profit, nor is the PSC. The PSC is responsible to making sure that the public is protected and that infrastructure is done in the public's interest.

It would be totally unreasonable and irrational now for the PSC to approve this unreasonable proposal. Suez is a virtual monopoly. As we've heard before, they have 98 percent of all customers. And it's the PSC's job to protect our public interest against monopolies for our vital infrastructure, for our drinking water. We need water to live. And for us to have to be charged, people will lose their homes or have to leave the county as this water goes up, as the price of water goes up.

Suez should not be rewarded for their

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bad faith. They have reacted in bad faith repeatedly. First, by choosing Desal as there were many other reasonable and much more cost effective options. Two for continuing to deny the public and the PSC transparency as they redacted their bills and ask us to still pay for redacted bills, and they ask you to approve redacted bills. For their failure to maintain infrastructure and prevent excessive leaks. And most importantly for walking away from the Water Task Force table and refusing to work with the rest of us in Rockland County. Their bad faith is not in the public interest.

If PSC allows Suez to profit from this bad faith, it would make it very clear and it appears to the public that the PSC is confusing public interest with private profit. PSC's support of the Joint Proposal has the appearance of undue influence or collusion. It appears to us that the PSC is working in the interest of protecting Suez's profit instead of

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ensuring the public it's required to serve. I don't want to bring up other cases, but I do know about the CPC case in Orange County and we don't want that to be a problem for the PSC here. It's time for the PSC to stand up and do its job and protect the public interest.

Once again, please provide the exact parameters that the PSC is using or has used to determine that this Joint Proposal is reasonable and is protecting the public interest 'cause we don't see it. We can't understand how you get to that conclusion. What we need, instead of paying for their mistake, let them pay for their own mistakes, for their own bad judgement. Instead what we need is a meaningful conservation program that includes maintenance, frequent and public monitoring, full transparency and accountability to ensure a sustainable water supply for Rockland County, which is in the public interest. Thank you.

ALJ PHILLIPS: Thank you.

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Laura Burkhardt.

MS. BURKHARDT: My name is Laura Burkhardt, I'm a resident of Nanuet, New York.

I want to address two points about the Joint Proposal. My first point is about the interest charges to be paid for the Desal plant. As we all know, the Desal plant was a project that was not wanted, had significant environmental risks, was not adequately evaluated or monitored by the Public Service Commission, and was vigorously opposed by many community groups for eight years before being abandoned. It's bad enough that this Joint Proposal has us paying \$54 million for this failed project. But it's even worse that we are also being forced to pay Suez a 7 percent rate of return over 15 years as if the Desal plant was a productive asset, which it is not.

Furthermore, Suez will be making a taxable profit and so in addition we will have to pay for the federal income taxes

1 Proceedings

2 over 15 years. It's really hard to see
3 how this arrangement is fair. Suez's
4 profit will come from us, the ratepayers,
5 and we get nothing in return. As interest
6 charges for the Desal plant, Suez should
7 be allowed only what they pay for their
8 long-term debt, which is about
9 2.7 percent.

10 My second point is about the
11 levelization of the rate increases. I
12 understand the rationale for this
13 levelization, it allows us to pay roughly
14 the same increased amount every year,
15 rather than having a very large increase
16 the first year and then smaller increases
17 during the subsequent years. But this
18 levelization is making us pay an extra
19 \$2.1 million due to the additional
20 interest charges. Our water rates over
21 the next three years will be increasing
22 about \$13 million in total. But this
23 levelization will be increasing the rates
24 by \$15.1 million, an additional
25 \$2.1 million.

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This increase of \$2.1 million can be totally avoided. Suez has \$8.5 million from the State, which represents state income taxes that Suez previously paid, but which are no longer required. Suez will be returning this money to the ratepayers over three years. Instead of returning the money in equal increments over these three years, a bigger increment can be returned the first year. Thus, the rates can still be levelized but we won't be paying the extra \$2.1 million. The current method in the Joint Proposal for levelizing the rate increases is taking money out of our pockets and enriching the shareholders of Suez without us getting anything in return.

PSC, please work on our behalf. Please be fair. To reiterate, my two points; Suez should not be allowed to make high profits on its abandoned Desal project, and Suez should not be enriched by using a particular mathematical model to levelize the rate increases given the

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Company will also be returning money to its customers. Thank you.

ALJ PHILLIPS: Thank you.

Diane Relis.

MS. RELIS: Good evening. I would like to thank Judge Phillips and Commissioner Burman for being here tonight to listen to the residents of Rockland County. I would also like to thank the PSC for turning down the ridiculous proposals for the Desal plant to begin with.

Bills, as you have heard, are very high in Rockland County. We have service charges, reconciliation and levelizing surcharges. In December, which in my household was a very low water usage month, my water charge was \$22.91 with another \$16 in various fees for the Company. And I don't quite understand why these fees are there and are as high as they are.

Secondly, I think that the stupid business decision to push the Desal plant

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on Rockland County and spend the \$54 million that eventually in 15 years will become \$82 million, was the Company's decision, and the cost should not fall to the ratepayers.

My husband owns a small business, sometimes he makes a very costly mistake. Does he pass that financial mistake onto his customers? Oh, no, because if he did try to do that, they would walk away and do business with another company. We cannot do that.

I look to you, PSC, to be our advocate, not the advocate for Suez Water. Thank you.

ALJ PHILLIPS: Thank you.

Robert Tompkins.

MR. TOMPKINS: Thank you for having me, Honorable Judge Phillips and Honorable Commissioner Burman.

I just want to reiterate what Laura had said earlier. First, I'm a Pearl River resident, I'm also an intervenor in the case. I volunteer, I have a CPA.

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And getting back to the levelized rates, which I understand the need for, but it's a very unusual case given we have the Desal plant issue, but we also have a one time \$8.5 million amount that has to be returned to the ratepayers, and that has to do with the qualified New York Manufacturers Credit, which basically they do not have to pay state income taxes anymore. They've collected monies in the past legally, and now they have to return it.

The Department of Public Service staff wants to monetize it equally; year one, year two, year three. And what they're proposing is that they put most of the \$8.5 million in the first year, thus you can eliminate the additional \$2.1 million that the ratepayers would have to pay over the three years.

What's interesting about this \$8.5 million, is a one time reduction of the need for revenues. What's going to happen in 2021, 2022, 2023, you're not

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going to have the benefit of the \$8.5 million. And the rates, all things considered equal, will go up, so that the rates are lower presently than what they should have been. For example, the \$15.1 million over the three years, if you add the \$8.5 million, that's \$23.6 million over the next three years, what should have been had it been not for this unusual situation, having the \$8.5 million be returned to the ratepayers. You're not going to have that again.

I haven't seen any analysis regarding what the long-term effects of this particular Joint Proposal is going to have. You could see a bump coming up and I would propose that there be some sort of analysis. There's a middle ground. My first testimony had to do with taking that \$8.5 million and applying that against the Desal cross suit that the PSC is insisting that we have to pay for.

The proposal is to get it back to the ratepayers over the next three years,

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which is fine, but there could be some sort of compromised situation because what's critical for the conservation program to work is that the rates are at a level that will motivate people, and right now they're artificially lower believe it or not because of this \$8.5 million. It's lower than what it should have been.

So those are my comments and I thank you very much for hearing me out.

ALJ PHILLIPS: Thank you.

Jocelyn DeCrescenzo.

MS. DECRESCENZO: What I like to do is sing a song, but before I do that -- as my public statement -- before I do that, I'd like to thank you all for being here, of course.

But I wanted to let you know that Suez worldwide has many interests that aren't just water. For instance, in France and other parts of the world, they're very involved in fracking. So on the one hand they can pollute the water and on the other hand they can ride in on

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the white horse, that they think they own,
and come in and save us from the polluted
water that they've created.

So I think this is very unfair that
they sort of have a double dip thing going
on. And I also wanted to let you know
that they were kicked out of Paris,
France. They now have in Bayonne, New
Jersey, I think they've privatized the
water right in Bayonne, New Jersey this
past year. So to say nothing of the white
elephant that Massachusetts is still
paying for.

Anyway, I'd like to sing a song to
you.

Every drop we drink, every drop in
our sink. Every drop in our tubs, every
scrub-a-dub-dub, we'll be watching you.

Every leaking pipe, every Desal hype.
Every huge rate hike, everything we don't
like, we'll be watching you.

And as time goes by, our rates will
get higher. And as time goes by, we'll
know that you're liars.

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Because down at Suez, you love to
mess with our heads. Because down at
Suez, we'll find you in bed with the PSC.

Because down at Suez, we'll find you
in bed with the PSC.

Thank you.

ALJ PHILLIPS: Thank you.

Thomas O'Reilly.

MR. O'REILLY: Hello, everybody.
Thanks for coming out again.

When I left my home office this
evening I grabbed this sign which has been
on my lawn for eight years. I've had
signs on and off my lawn for 40 years,
political signs, environmental signs,
never a sign for eight years. So you can
see it's been there and back. Facing east
and west the sun hits it different ways.
And I'll put it back out there tomorrow,
because this is not over, okay.

Anyway, my name is Tom O'Reilly. I
live in Pearl River. And hello, Judge
Phillips, it's nice to see you again.

ALJ PHILLIPS: I was going to say,

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this time you didn't wear a costume.

MR. O'REILLY: Yes, I was dressed as a Patriot.

We at the Rockland Water Coalition have been referred to over the past eight years as a group of extremists. Yeah, right, I'm very proud to be in this wonderful association as we're all unpaid volunteer protectors of our air, water, food, wildlife and water. As an engineer, a solar engine consultant beginning in 1976, being on the Board of Directors of the Environmental Engineering Corporation starting in 1980, and solar energy, math, and science instructor at SUNY Rockland, I suppose I'm just another extremist. I'm also a long time environmentalist. I've been a member of Sierra Club since 1976, and was Chair of the Santa Barbara Coalition on Water Pollution way back when.

Here's my abridged public statement from eight years ago. I've been saying this mantra for eight years, many times,

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50 times probably. I grew up in Rockland but lived in Santa Barbara from '72 to '86, 14 years. And therefore I have some firsthand experience with real droughts. Yes, living in Southern California, a desert. In 1986 I moved back to Rockland.

In the last eight years whenever I hear United Water, make that Suez, representatives utter the word drought in reference to this geographical area, my blood boils. They call our occasional light rainfall here drought is both ludicrous and absurd, true fear-mongering at its worst. I know to look up the dictionary's definition of drought is one thing, but reality is another thing all together.

So way back when, eight years ago, when United Water Suez's Steve Goodsmith, made the first public presentation and he kept saying drought, drought, drought. When he was done speaking I immediately threw my hand up and I talked about Santa Barbara and how they made a Desal plant

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way back in the '80s and then it rained
and they sold it off to Saudi Arabia.

So I'm not going to go into my whole
Santa Barbara Desal story now, you've
probably heard it from me 50 times in the
last eight years. I'm also not going to
talk about the great movie Chinatown,
which is all about bringing in the water
to Los Angeles back in the '30s and how LA
exploded and its relevance to Rockland
County with this absurd Desal plant,
because right now I want to talk about
this \$54 million corporate bailout.

The Suez shareholders should observe
the money spent. Take it out of their
profits and not from us ratepayers. Not a
penny. So how's this for a compromise. I
keep seeing that word compromise in the
last few months regarding this whole
thing. How's this for a compromise, have
Suez pay us 23,000 petition signatories \$4
million for our time and our labor cost,
which we have accrued over these eight
years. Let's compromise, just pay us only

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\$3 million.

You know, this now eight years and counting of this alleged Suez lies and duplicities about the true need and true cost of the Desal. Yes, it's been a true bait and switch all along. Now this \$54 million atrocity is truly grueling.

ALJ PHILLIPS: You're at three minutes just so you know.

MR. O'REILLY: Remember United Water high leakage rates of 25 percent, which are just ridiculous. Also remember the 200 pages being blacked out from the report with only the word redacted on those pages. This is a real cover up. You Suez guys should be ashamed of yourselves, this is absolutely despicable. It's just -- I cannot believe this nightmare, this eight-year nightmare.

I could go on more about the whole Santa Barbara Desal story, which is just -- makes this whole thing ridiculous. So anyway, I could go on for another ten minutes, but I think that's about it right

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now. So I want them to pay us a few million dollars instead of us paying them \$54 at all, not a penny. That's all, thanks.

ALJ PHILLIPS: Thank you.

Joel Dichter.

MR. DICHTER: Thank you Judge and Commissioner. Thank you for making the trip down here.

So I'm Joel Dichter, I represent the towns of Clarkstown, Haverstraw, Stony Point, and the Rockland County association, and I've been involved in utility regulation for some 35 years in New York and other states as well.

In this case, as you've heard tonight, it really boils down to a few issues. One is methodology or recovery of the Haverstraw Desal plant. Conservation. And the third issue is one of really relationships.

As you can hear from the community, the relationship between Suez and its customers has broken down and the Joint

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Proposal doesn't do anything to try to resolve that. It needs to address that issue as well to be fully in the public interest.

Now a Joint Proposal to be in the public interest has to be in essence a balancing of those interests. It can't be one way or the other. Here we have \$54 million of the Desal plant, which I know that Commission told them to get a new source supply but didn't tell them how to accomplish it. And I know the Commission then told them to abandon that plant, but that does not translate into an automatic recovery of their costs in rate making. Rate making is to be a surrogate for the real market forces, because it's a monopoly.

You've heard a lot of people say tonight that a business couldn't recoup its cost. That applies to the rate making as well. Here there's no balancing. The full cost, less a few million dollars in legal fees and good will, are allowed to

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be recovered under the Joint Proposal. I don't even know if the PSC staff really believes that it's the right thing or not, I think they felt their hands were tied by the prior orders of the Commission.

But the Commission itself is not tied by those priorities and there's nothing in those orders that mandates a specific recovery methodology. If not for those costs, we wouldn't even be here tonight because the rate increase would be so small the Company probably wouldn't have even filed at this time.

Now let's think about this \$54 million. Whose risk and burden should it be? Should it be the customers to guarantee a recovery? That kind of stands the relation on its head. Each party has a role. Utility has its investors who make investment in the Company and return on it, and then the customers pay for the use of the service. Here it's the customers who are paying for the cost of a plant that they will never get one drop of

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water. That's not proper rate making.

Now we recognize the Commission's prior orders. We recognize the position of the PSC staff. So it's also presented in expert testimony, which is presented next week, to say if you're going to go forward and allow them to have any recovery, which we don't recommend, that there be a better sharing or balancing of those interests, by not allowing a profit to be earned on that investment, and to set it only at the long-term interest rate.

Now on the conservation side. Part of the problem is that we have a Joint Proposal that was worked out. I can't tell you how many conference calls we had of the parties trying to resolve this. We must have spent 50-odd-plus hours on the phone with this, and partly we ran out of time. Also part of that is because the details of how this conservation plant are to be implemented and its objectives are not spelled out completely, you couldn't

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do it in a Joint Proposal.

So as far as community relations are, as you've heard there is an incredible wealth of knowledge from people in this town, more so than I've seen in many other rate cases that I've been involved in.

And the Commission should direct the Company to take full benefit of that knowledge by having ongoing meetings and coordination with the task force, with Sierra Club, with the other groups, they have a lot to give that everyone can benefit from. That should be done by having ongoing reporting of where things stand in the promotion and the adopting of the conservation plan. If adjustments are needed based on that data, they should work together on those. Because for conservation program to be effective, it needs the community's involvement. If they're going to get the maximum amount of savings out of conservation, then the community has to buy in, they all have to buy in. These groups can help spread the

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2 word and get more involvement.

3 Lastly, I'll say on the rate design.
4 The winter summer rate differential has
5 been eliminated. It's been eliminated
6 without really knowing what the impact of
7 that is. the impact pact is that many
8 customers will see their rates in the
9 summer go down and in the winter go up,
10 which is backwards for conservation. It
11 may be -- turn out that that is a proper
12 way to go for rate structure, but we don't
13 know that yet. So there should be a
14 study, not in the next rate case, but
15 shortly to get -- to review it next year
16 as opposed to three or four years from
17 now. Thank you.

18 ALJ PHILLIPS: Thank you.

19 Daniel Duthie.

20 MR. DUTHIE: Commissioner Burman,
21 Judge Phillips, thanks for coming all the
22 way down here from Albany. I have heard
23 many many good points that were raised
24 tonight and I'm trying to be very, very
25 brief because of the hour.

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The first thing I want to clarify is that some of the proponents of the Joint Proposal have conflated the need for a long-term low supply with the technology that was selected, the Desal. The Commission, in my reading of the orders, never told Suez, previously United Water, to build a Desal plant, that was management's decision, it was clearly a very, very stupid decision.

I am a licensed professional in New York, and I've told Chairman Zibelman, along with some of the senior staff, that in my four years of practice before the Commission I've never seen a dumber project in my life. It was just outrageous. In the fifth wettest county of New York State, 50 inches of water every year, fresh water, and they're going to extract water from Haverstraw Bay, so that's one point. And ratepayers should not be responsible for management's screw up.

Secondly it's a well-known principal

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2 that regulation is the substitute for
3 marketplace and Joel Dichter just alluded
4 to that in earlier comments. The
5 marketplace would punish the shareholders
6 for this failure. If Apple comes out with
7 a product, which I don't think ever
8 happened, that wasn't very successful, it
9 wouldn't be raising the prices on all of
10 their other products, but the shareholders
11 and management would bear those costs. It
12 should be no different here and the
13 regulatory environment should mimic the
14 marketplace and put the blame, put the
15 cost on the single shareholder, and Suez
16 can well afford it. So there's no issue
17 that company is going to go out of
18 business.

19 The other point that I want to make
20 is that there is a potential here for the
21 Commission to disrespect the judicial
22 process, and I don't think the Commission
23 should be putting itself in that position.
24 What I'm referring to is the Article 78
25 proceedings. It's an appeal of a prior

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Commission order that seems to permit the recovery of these costs based upon invoices that have absolutely no explanation of what the services were provided. The average person in this room wouldn't pay their plumber if they got a bill that says \$500 with no explanation of what the guy did. I showed up for four hours. What did you do? Well that's between me and, you know. So there should be absolutely no recovery. In fact, I submit that the method of billing doesn't even comply with the uniform system of legality. You cannot audit an invoice that's not been sufficiently described.

And so for the Commission to award costs based upon, and I would say 70 to 75 percent of the major vendors, about half a dozen of them, the Commission actually said, you know, we can't order these heavily redacted legal invoices. But at least under all that black paint, you knew there was some description of what the legal work was. Here there's no

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description whatsoever of the engineering environmental services, yet somehow the Commission -- and that's what's before the court right now in Rockland County appeal. And you should not be permitting any recovery until the judicial process is finalized because I think it's disrespectful for you to do that.

ALJ PHILLIPS: You're at three minutes.

MR. DUTHIE: That's it. Thank you.

ALJ PHILLIPS: Thank you.

Margie Turrin.

MS. TURRIN: Good evening. I'm Margie Turrin. I'm a member of the Rockland Water Task Force, Chairwoman of the Conservation Committee for the Water Task Force, and an intervenor in the rate case.

Rockland's water management is a priority that requires all of us to work together for a solution. When Chairwoman Zibelman spoke of developing a plan that would be a model for other communities in

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New York State, there was an enthusiasm in our community about working together for something that would be transformative to the water supply industry.

Transformative is a word that I selected purposefully. In my science research work, funding is very competitive and new directions in science are funded based on the work being transformative. This doesn't mean risk taking it means creating new and expanded visions for change in the industry.

What we have in the Joint Proposal does not have a new vision or creativity that was discussed by Chairwoman Zibelman. While we do have improvements and we also have improvements from the original rate case, improvements that developed through the negotiation process, we're still left with a very disappointing uninspired paint by numbers approach to resource management and provisioning.

Why do I say that? There are two big water management components in this plan.

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The first is conservation of water and the second is reducing system loss. The Joint Proposal conservation target is a poultry 1 million gallons per day over a period of five years. A range of experts of Rockland County and the Rockland County Water Task Force have suggested that at least 3 million gallons a day or more can easily be conserved with a well constructed program. The PSC must set the bar higher for conservation at least doubling this amount to 2 million gallons a day.

Rebates are a central part of this. The conservation program is built around a mix of rebates for every tier of customer. At face value this is a good idea, but what is lacking is any type of analysis that attempts to measure the water savings from these rebates. There is no built in analysis at all. The program is designed for water savings, but without feedback we won't know its effectiveness. There needs to be a solid analysis through independent

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audits to evaluate the effectiveness of the rebate program.

Audits. The commercial and industrial user can take advantage of a customized audit. Again, a good idea. But the audit comes with no commitment to implement any part of the recommendation. If identified water savings actions are not implemented, there is no water savings. There must be a requirement for commitment by both Suez in providing the audit and the Company in benefit ting from the audit that some predetermined level of action will come from it.

Task force. The biggest disappointment and omission in the conservation program is the absence the Rockland Water Task Force as a partner and colleague when providing consistent messaging, joint outreach, and layering their program together with ours. We need to work together for this to be effective in Rockland. It's a Rockland plan. A model water management system requires

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collaboration, shared data and resources and a focus on the end goal. In short we need to be a team, and I think Joel made that point really nicely.

Non-revenue water in the Joint Proposal. The non-revenue water focused on repair and replacement of water pipes and mains. Again, a poultry 1 million gallons a day. This is an area that's ripe for targeting up to four times this amount each day. At minimum this should be raised to 2 million gallons a day. A lot of this program is based on advanced metering infrastructure and district meter areas. This takes a while to put into place, and yet there is no plan to put something in immediately to pick up the slack for how long this will take to be implemented.

I'm just going to end by saying the rates, you've heard a lot about the rates. The rates is incredible. 65 percent of the requested increase is a recovery of cost related Desal plant. 300,000

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Rockland residents don't need to be doing that. Thank you.

ALJ PHILLIPS: Thank you. It's now 8:46 and I still have 24 cards. I'm going to strongly encourage those of you, especially those who are saying that you're speaking on behalf of people, to limit your time so that the people that did show up do have an opportunity to be heard. Thank you.

Next will be -- and I should also remind you that we are stopping at 10:00 p.m. because that's how long we have the room.

Bob Dillon.

MR. DILLON: Thank you, Judge Phillips and Commissioner Burman. Thank you both for coming down to Rockland tonight and conducting this hearing.

I am a party to this rate case I strongly oppose the Joint Proposal. I'm a life-long except for two years, I've lived in Rockland County. I have been involved in this issue since 2007. I've done a lot

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of study, I've made comments in all the cases prior to this one since 2007, including the DEC proceedings. And I want to add a little context here to history 'cause we're basically talking about who's going to pay, the ratepayers going to pay? Some people have suggested that the State of New York should pay? Or United Water should pay? And I just wanted to do a brief history.

The Company -- when I say the Company, I mean going back in time originally the 1890s, Spring Valley Water Company, Hackensack Water Company, their parent. And then we go into the last century where it became United Water New York, New Jersey, United Water parent company, both owned by Suez, and now Suez is the brand.

So there's a long history here. And I think that's important because there are some things here when we talk about this case and the Desal especially, we're based on the 2006 Joint Proposal, which was

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2 based on information that was provided by
3 the Company to a large extent or omitted
4 by the Company to a large extent. And
5 also there was a lack of due diligence in
6 my opinion by the Public Service
7 Commission staff and the Public Service
8 Commission also in properly regulating the
9 Company.

10 Now the Company had records on ground
11 water going back for over 120 years. They
12 knew they didn't need to call Isaac to
13 tell them their wells would recharge over
14 the season, they knew that. They had the
15 data, the experience. The Company also
16 knew that for decades they were releasing
17 more water from DeForest in New Jersey
18 than they were permitted to. I know that
19 because I did a 50-year analysis of the
20 releases based on information from the
21 United States Geological Survey, and it's
22 been reported in my testimony and my
23 comments to that effect.

24 As a matter of fact, in 2007 the very
25 year that the Joint Proposal was adopted,

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in January 2007 I believe or maybe it was the previous year, this rate case involving or the proposal to build a Desal plant was just being born, and it was being rolled out. And the thing is that in that year 2007 there were excess releases from Lake DeForest in New Jersey, 1.2 billion gallons in excess releases. Now I was the one that discovered that and notified the New York State DEC about that. The DEC took a snapshot and they made a determination that during a very short period of time there was something like 300-something million gallons excess released. They fined United Water at the time. The releases have since substantially stopped.

Now the Company alleged that they had a broken valve in Lake DeForest. However they did not notify the Public Service Commission, New York State DEC, the Rockland County Health Department or any other regulator that they were having this issue with a broken valve that accounted

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for a loss of water.

I put this in my papers and I'll do it again, but I would say this, that we have a situation here where perhaps if the Public Service Commission staff had done their due diligence they would have discovered that the Company perhaps came before the Commission with unclean hands when they alleged that they needed to develop additional water supplies. And I think that for that reason the Company should eat this surcharge, there should be no charge to the ratepayers certainly and the Public Service Commission should take another look at this and perhaps realize that they were had. And that's basically how I would sum up my comments. Thank you very much.

ALJ PHILLIPS: Thank you.

Darlene Dorney.

MS. DORNEY: I'm representing Rockland County AARP Chapter 1577. I'm on the member Board of Directors. A Mr. Ted Aaron on September 27th submitted a letter

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to Secretary Burgess in Albany and I'm reading this letter on behalf.

Dear Secretary Burgess, I have read the summary of the Joint Proposal between the Public Service Commission and Suez and I have come to the realization that the conservation program's presented in the Joint Proposal puts most of the burden on the consumer to implement. The Joint Proposal includes increasing company's main replacement program and installing advanced metering infrastructure to help identify the source of system leaks and to reduce non-revenue water loss.

According to the proposal, Suez will increase main replacement to 1.0 percent annually by 2020. This proposal is unacceptable. It will be many years and millions of gallons of our water down the drain before the leaky pipes are repaired. At the present time, Suez loses over 20 percent of our water due to leaky pipes and has no incentive to repair the system quickly because it doesn't cost them

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anything.

The following proposal would give them an incentive. We can look elsewhere as an example of what can be done to reduce water loss. Israel and Australia achieve a 10 percent water rate loss. In the United States the American Water Works Association, a not-for-profit organization, recommends that the water loss occurring after treatment should be maintained at 10 percent or less. In order to encourage Suez to fix the leaks rapidly, they should have to pay one cent a gallon over the 10 percent and that money should be returned to the ratepayers at the end of the year. Besides being penalized one cent per gallon over the 10 percent standard, they should have no rate increase until the work is done.

Suez, as with corporate penalties in general, should not be able to build this cost into a rate schedule. I believe that if the PSC imposes these requirements, we would conserve millions of gallons of

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water. I thank you.

ALJ PHILLIPS: Thank you.

Jim O'Sullivan.

MR. O'SULLIVAN: Thank you, Judge
Phillips, Commissioner Burman for a long
night.

My father had a house in Upstate New
York, in the Catskill region, we used to
vacation up there all the time. The water
up there was sulfery and smelly, couldn't
drink it, couldn't shower in it. It was
well water. We eventually left the place,
nobody wanted to go there, my wife, kids
did not want to go there. Down here in
Rockland the water is quality. You put
the glass under the faucet have a nice
clean glass of water.

You see these guys up here in Suez,
everyone's on them, on them, the rates,
the rates, the rates, but my daughter's
phone bill is more than my water bill and
she pays that herself. They're asking for
a few bucks, I don't think it's completely
out of line when I do the rate what's

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going to cost me monthly.

Take a look at Flint, Michigan and Michigan all in. There was a time where cars were made in Michigan and you couldn't drink the water in Mexico. Now the cars are made in Mexico and you can't drink the water in Michigan. Please keep track of the quality of water, that's everything to me. The quality and the service. I don't want to see that go away. That's what keeps me here. Everybody chased all the corporations out of Michigan. They'll leave us a horrible grid here, they'll move on. The few bucks isn't the worst thing in the world. Thank you for your time.

ALJ PHILLIPS: Thank you.

Teri Mersel.

MS. MERSEL: Good evening. I met both of you in Ramapo. They told me it didn't go on record, so they said come here.

ALJ PHILLIPS: Who told you that?

MS. MERSEL: The person out there, so

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that's why I signed up to speak again.
But it's okay, not to worry. Judge, PSC
Burman, welcome.

I, a long time ago, was part of the
United Water's support team. They asked
people from the community to sit on the
team and way back then we said to them if
you want to keep your rates in line watch
how much we build in Rockland County. And
they said we can't stop the building
because people would lose jobs. But then
every time they asked why do we get an
increase, it's because we don't have
enough water.

So I said to myself, New York City,
they're not far away us, they keep
building, they don't need a Desal plant,
they're getting plenty of water. Maybe
Suez should go partnering with them, we'll
have plenty of water in Rockland County.

Rebates. I was at Rockland Community
College, the Suez team was there. They
give 2,500 rebates for the low flush
toilets, \$75 per toilet. They didn't

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think some of us may need a plumber to put the new low flush toilet in, so forget the cost of the toilet, it's the toilet plus the cost of the plumber. Rebates are good though, and I already have the low flush toilets.

New water meters. I was given letters and phone calls, you must get a new water meter. Got a new water meter. Guess what? It only measures in whole numbers. Whoever heard of this with the modern technology? So I got a bill one month, no water, I was not charged for water. I got scared, I called them up. I said what's going on, I have a bill but there's no charge for water. They said 'cause you didn't use 1CFF. I said then what's this \$13.60. Those charges the PSC Commission over the years have told us we can get these surcharges to your bill so you have these charges. But don't worry, we're going to get you next month. Which scares me because I said, I'd rather pay as I go. I don't want to worry what's my

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bill going to be next month 'cause I didn't make one CFF this month, next month who knows what I'm going to get.

In due respect, I am with the majority. If I run a red light and I hit another car because I made that decision I was in a hurry to get some place, I will pay the price. Suez made the error, they were going with this Desal plant and therefore I should not be penalized for that decision.

I would appreciate the Public Service Commission having a heart and working on the part of the public. I thought, I'm an educator, that's what public means. You looking out for us, we the people. And as far as the people left in the audience, if I have the 300,000 residents and all the legislators that represent me here, we buy this company we run it ourselves. I'm willing to bet we won't have the leaks and we will not have the surcharges going on, and on, and on, and on in my lifetime.
Thank you.

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ALJ PHILLIPS: Thank you.

Peggy Kurtz.

MS. KURTZ: Good evening. Thank you.

My name is Peggy Kurtz, representing
Sierra Club Atlantic Chapter, and I was
also an active participant in the
negotiations. I'm also a member of
Rockland Water Task Force, co-founder of
Rockland Water Coalition, and co-leader of
the Sierra Club, which represents 800
members in Rockland County.

This Joint Proposal represents an
agreement between only 2 of 24 separate
parties in this case who participated in
the negotiations. That's a pretty strong
statement, 2 out of 24. What that says is
that there were parts that we simply could
not sign on to and that we all knew that
the proposal should have gone much further
on conservation.

Sierra Club stands with every member
of this audience, nearly every member of
this audience, in strongly opposing the
\$54 million in charges for Suez's Desal

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2 project. Town Supervisor Howie Phillips
3 is right that we're being asked to pay for
4 \$54 million with no benefits to the
5 ratepayer, but imagine how different the
6 situation would be today if that
7 \$54 million had been spent instead on
8 conservation and repair of the leaks,
9 exactly the things that we're looking at
10 right now. Those same things were
11 available in 2007.

12 But Sierra Club's particular concerns
13 are the conservation plan and conservation
14 rates. This conservation plan is not the
15 robust plan that we believe the Commission
16 is looking for, it can and must go
17 further. A robust conservation plan would
18 maximize the potential for conservation
19 and repair the leaks, always the least
20 expensive and environmentally harmful
21 water sources. The bottom line is that in
22 this case from the outset the Company set
23 the bar too low targeting the bear minimum
24 required by the Commission.

25 By contrast, the water conservation

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1 expert hired by Scenic Hudson,
2 Riverkeeper, and the Coalition has shown
3 that the water savings could actually be
4 doubled at a fraction of the cost of new
5 supply infrastructure, doubled. His
6 conservation conclusions are confirmed by
7 the earlier filings of two other entirely
8 independent conservation experts.
9

10 The proposed rate restructuring has
11 too many problems and is too important to
12 the success of the conservation program
13 for the Commission to approve it. Given
14 the importance, and I won't go through all
15 the details, but I'll just mention one
16 point. Given the importance of reducing
17 peak summer demand, reducing summer rates
18 for so many ratepayers just doesn't meet
19 the test of commonsense.

20 We support the recommendations of
21 rate design should be taken out of this
22 proposal and the Company should be
23 directed to return within one year with a
24 full analysis of the conservation impacts
25 of alternative rate designs including

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2 hybrid rates.

3 One other issue, the Company's
4 outright refusal to include the role of
5 task force in the proposal must not be
6 tolerated by the Commission. The task
7 force is not just another community group.
8 It is the only engine driving water policy
9 in Rockland County. It is vital to the
10 success of both efforts, conservation
11 efforts, of both the task force, the
12 county, and the Company, that the Company
13 share data, help fund, share messaging,
14 and collaborate with the work of the task
15 force.

16 The agreement reached on this case
17 will determine the success of conservation
18 efforts in Rockland during the critical
19 window of opportunity and then on into the
20 future. If approved by the Commission,
21 ineffective conservation and repair
22 programs and botched rate design would set
23 us up for failure. So that in just a few
24 years we may find ourselves facing yet
25 again the extraordinary costs of another

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major water supply source with a potential of water savings still unfulfilled.

Rockland presents a unique opportunity for the Commission. We are your test case for the State water policies of the future. It has taken us eight years of incredibly hard work by elected officials and by the community to get to this point when we're finally leveraging resources to build the smartest policies for Rockland. I have to say the Company has been an obstacle through most of this process, a major obstacle.

Community relations are abysmal at this point, but the truth is that there is still a unique opportunity for the Company also to create a model program that could be taken to other communities across the country. To instead permit Suez to comply with the bear minimum would represent a step backward for New York State's water policy.

Given the importance of this case for Rockland County and for New York State, we

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are asking the Commission to order a
rewrite of the rate design and to
incorporate the recommendations of experts
hired by the county and other parties into
the strongest conservation plans we can
build together. Thank you.

ALJ PHILLIPS: Thank you.

Dorice Madronero.

It's 9:07, and we still have a few
cards left. So please stay on time. I
appreciate it.

MS. MADRONERO: Okay. Thank you. Hi
I'm Dorice Madronero, and as expressed by
many, thank you for being here. We
appreciate your time in listening to us.

But I would ask that you go back and
revisit earlier transcripts, earlier
Public Service Commission committee
hearings, meetings. I would ask you to go
back and look at the testimony of Michael
Pointing, a name you will see in your
record I'm sure. He's no longer with
Suez.

He testified that in 2003 United

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Water started looking at a Desal plant, that's in the testimony on record. So it predates Public Service Commission's order in 2006. I would ask you to go back and look in the '90s when there were rate cases that initiated the summer winter rates. They called for no independent audits to see what the efficacy was of putting such a rate forth for conservation efforts.

I would ask you to go back and look at the efforts put forth by the Public Service Commission in reviewing the various rate cases and the joint proposals where rates within the rates, it was assigned -- money was assigned for outreach for water conservation efforts, and they were basically retail moments -- excuse me, for a retailer wholesaler in Buffalo, New York.

So again to review what you've actually promoted as a public entity to takes place by a company. Mr. Dillon made reference to the Lake DeForest spills

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during that time. Legislator Cornell you certainly recalled the environmental meetings in the other chamber, and there we heard from United Water and our public health department about all the water problems that we had all the while the water was leaking into New Jersey.

So I would ask you to look at your own record and ask the fairness of what you're basically proposing. Conservation has always been in the last years an effort in the rate cases. What really are you doing to ensure that that's been happening over the years? And self-reporting is probably not the best way to find out what's actually been going on with the water situation. You're relying on their -- who's basically checking in on the hen house is the gist of it. Thank you. I'll put in a written comment. Thank you.

MS. ROWEDDER: Hello. Thank you. Thank you so much for coming down and listening to us today. My name is Kathryn

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Rowedder. I'm a resident of New City and educator in Rockland County.

And I want to just start by saying I'm against the rate hike for the failed Desal plant being placed on to residents of Rockland County. To me, it's absurd for all the reasons we've heard before, most especially the fact of it -- the location in relation to Indian Point, enough said there.

I have a couple of other observations that I'd like to make that are a concern of mine. One is the fact that Suez has moved us from a couple years ago from a quarterly billing to monthly billing. For me, this is a clear indicator that our rates are going way up so we can afford it in a monthly budget. That's usually what that means. I used to get a quarterly bill and it would come, whatever it was, it was. But to go to a monthly bill, that automatically means you're going to be paying more over the year.

The winter summer equalization, that

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I heard about for the first time tonight, is equally a bad idea. When I was first having my household and keeping track of my bills, one of the things I would look at every time, not so much with my water bill because that was quarterly and manageable, but every month I looked at my electric bill. And with that bill came a very simple bar chart that showed me my electric use for the year, and it showed me a year ago what I used in September compared to this year in September, and I could see whether I was doing better or worse than last year.

Something as simple as that could be put in every bill to help Rockland County residents conserve their water. Furthermore, I do think it needs to be very clearly articulated exactly how much our usage is, because when you round it out and you have a zero bill one month and then all of the sudden it spiked, how can you keep that in check with how much you've been watering your lawn or how many

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baths you've been taking? And I think these simple things need to be put in place. On top of and in addition to other conservation practices.

In addition to this, I want to point out the fact that Suez has links to Desal plants, I believe they have a side business or part of their business is also in Desal. And I've also found out tonight that they're also involved in hydraulic fracturing. Hydraulic fracturing takes good clean fresh water, puts a few chemicals in it, pollutes it, and it's used to bring up from shell, natural gas. The natural gas, the hydraulic fracturing boom that's going on in America right now is not really serving our country, because it's not just about getting us off foreign oil, it's about making a lot of money for those companies to ship that overseas. So I'll just --

ALJ PHILLIPS: We're not here to talk about fracking.

MS. ROWEDDER: I'll tie it up by

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saying because of that connection, I have a concern about Suez really being invested in water conservation, because if they are involved in hydraulic fracturing, that is a practice that is not anywhere near and any shape form, involved in water conservation, and this is a clear conflict of interest. That's why I bring it up.

Thank you. If I can just say one last thing. I give you my heartfelt plea to please show us that we are a democracy and answer our plea to you to turn away this unfair charge to Rockland residents and put it back where it belongs, in the hands of the managers and the shareholders of Suez. Thank you.

ALJ PHILLIPS: Thank you.

Steve Leonardi.

MR. LEONARDI: I want to thank you both for coming down. My name is Steve Leonardi, I'm from Stony Point.

I owned business in Rockland County since 1978, a hair salon, and there's a couple things I do want to say about the

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water quality.

I hear nothing but complaints in my salon about the water quality, people's hair drying up, skin drying up, too much chlorine, time and time again. I myself, did a little bit of research with that going back to 1991 with the Stony Point National Committee For the Environment found that United Water actually dumped chlorine into the water supply, killed all the fish.

Moving on. The water here is not quality water. Many times taking a shower I watch brown substance come out because of their pipes breaking and what have you. And about the bill, my bill, last bill was \$82 for two people, my wife and I. Okay, we take a shower a day, we don't cook with that water because I don't even want to go near that water. We go and harvest our own water. I have to travel over an hour to get good water 'cause I won't drink this water here. Okay. And showering with the water, I have filters that I

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spent a lot of money for.

And the reason why I got an \$82 bill is because they penalized me for \$25 because I don't want one of those homing devices because it does disturb my sleep. The Wi-Fi that comes into the house. I shut off Wi-Fi. I don't have a television, okay. My phones get shut off and are away. My bedroom is near right above where the meters are. I called in the numbers, I asked them my last bill because I'm getting charged \$82, okay, where my previous bills were like \$49, bills used to be \$35, but they're estimating my bills. And when I called them up I get a bill, things that I can't afford.

And if this rate hike goes, I'm going to have to sell my business that I've been in business for since 1978 because I'm not going to be able to charge my clients that hike 'cause they can't afford it because they're paying a lot of taxes here.

So in short, let somebody else speak

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I'm going to ask the committee to not raise our water bills and give us another water company that we can have besides the Suez company, because this is a monopoly. I can't go to somebody else, I always have people calling if I want to go to another phone company, another electric company, but I've never got a phone call saying you can go to another water company. We don't need these guys, they're a bunch of people that overcharge for everything. Thank you very much for your time.

ALJ PHILLIPS: Thank you.

Terri Thal.

MS. THAL: Terri Thal. I'm with West Branch Conservation Association, which is Rockland's land trust and it has been working to protect land and water in Rockland since the '70s '60s, and I'm a member of the Water Coalition.

I just want to make very few comments about the substance, part of the substance of the proposal. In addition to all the other many other comments that have been

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made here.

There is a requirement that Suez set up a customer service performance incentive mechanism and hire consultant to rate the Company. This is like having the fox and a bad deal of the problem with the proposal, is that it's the fox taking care of the chicken. Suez has hired consultant after consultant after consultant for one reason for another, and without some kind of independent supervision on the part of the PSC or the Water Task Force that Suez refuses to cooperate with, it's meaningless survey.

Similarly the low-income rebate program. The way this is outlined it would take like a year or two to put it in place, yet a lot of this is supposed to happen within three years, three and a half, four years. It's absurd. There's no mechanism in here. Suez is being told to set up a mechanism to determine who's low-income, to determine what is low-income. That takes a year or

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certainly would take a year on the part of Suez.

A lot of the conservation program. Suez's history on encouraging conservation has been limited to some newspapers ads after the Rockland Water Coalition started running ads opposing the Desal plant. Suddenly Suez started running ads talking about -- and we always talked about water conservation -- suddenly Suez ran a couple of ads about water conservation. The mechanisms that are outlined like people going on the Suez website for information, nobody goes to a stupid utility websites except to check their bills. I mean this is never-never land, it is not real substance, and it doesn't belong in a real grownup proposal.

I also want to point out that if -- I have well. I am not involved with Suez in any way, shape, or form except for my activity on the Rockland Water Coalition and West Branch for a very, very long time, because I think that the county

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2 really is getting ripped off, getting
3 ripped off very, very badly. And I have
4 more than 100 neighbors all of whom are on
5 wells who practice conservation. We
6 educate each other. We educate ourselves.
7 I'm part of a community, a community
8 program in which we're constantly putting
9 out information to each other about water
10 conservation. This is not something that
11 Suez has ever had any interest in doing or
12 has any interest in doing now. If it had
13 it would not have walked out of the Water
14 Task Force.

15 ALJ PHILLIPS: Thank you.

16 Michael Parietti.

17 MR. PARIETTI: I'll be as brief as
18 possible.

19 I've heard a lot of proponents of
20 this rate hike described as a fair
21 equitable compromise. Nothing of the
22 sort. A fair and equitable situation is
23 you say we're going to spend \$54 million
24 and this is how we're going to do it, and
25 you put it to a referendum or something.

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You don't just -- Al Samuels try to say the County Legislature said go spend \$54 million and come back, never happened. They said something find a new water source. They ran off and picked the most expensive extravagant thing they could possibly find and said oh, we spent \$54 million. That is not fair and equitable.

And I just wonder who signed off on this decision with United Water? Who is that person? Okay, what's his name? What bonuses has he received? And they're talking about this is bad for business if we don't fork up this \$54 million and this thing about there's going to be a ripple effect if the shareholders have to foot the bill. Let me tell you about the ripple effect things that are bad for business. When people leave, we're over taxed, we've got the highest Medicaid bill in the state. The more layer upon layer of taxes you put on people, it's already happening. Wealthy people are leaving,

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middle income people are leaving, and the low income people are leaving. They're leaving Rockland County and they're leaving New York State, because all this stuff is dumped on them.

This was a decision made by Suez or whoever it is, they should have to pay for it. We shouldn't have had -- if you're going spend that kind money -- the Rockland Business Association they were in favor of it, it was voted down, but they built it anyway. They thought it was good for business. Say no. Tell them no. Make them pay for it.

ALJ PHILLIPS: Thank you.

Bruce Levine.

MR. LEVINE: Good evening and thank you both for coming. I'm one of the intervenors and also I'm System Management Chair of the Committee on the Water Task Force.

I just want to make a few points. On the \$54 million surcharge, the Company was asked by the Commission to come up with

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new water supply. The number \$7.5 million is used, so the argument is they did just that. They should get every penny back, okay.

The first problem is that assumes that the Suez Water company, United Water, whatever you want to call it, is a robotic mindless entity with no expertise. With no expertise. If they saw alternatives or if they thought there was different number they could have done it. They could have gone to the Commission and said we think this is premature. They didn't do it because it wasn't in their financial interest to do it. It's as simple as that. That's why they chose the Desal plant.

I think in 2009 from Michael Pointing and went up to him 'cause I been involved in water cases since the late '80s and the other night -- was it yesterday morning, I found a big binder that said 1991 United Water conservation. You see how much that worked. 1991 we've been talking about

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this stuff forever. But they never did it.

So they proposed this Desal plant. I said to Michael, I said there's no way this is going to happen. And they're spending money on it. And they have no obligation to tell the Commission, they have no obligation -- I don't think it's the Commission's fault, I think it's their fault. They didn't tell you that they were spending millions and millions of dollars on a plan that made no sense, that had this tremendous opposition. They're under obligation.

Now I was working for a different part of the state government and it was not allowed to be involved in the Suez cases of that time and on the Desal case. So when I became the systems management committee, which is sort of talking about loss of water and also about options for new supply. So I read the DEIS and it is unbelievable. It's based on completely bad faith analysis. They say, for

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example, we can't get anything out of conservation so there's no use talking about it. We can't get anything out of losses, so there's no use talking about it. Well there's a -- it's not 7.5, there's no use talking about it.

So I sat there, not an expert, and could come up with an alternative decentralized plan that you could build, and maybe need more, maybe you don't. Maybe conservation will get more, maybe it won't. But the Company chose not to do it.

The last thing I'm going to say. I believe very firmly that the Suez proposal, which is rubber -- for conservation, which is basically rubber stamped by the staff, which I think has no capacity to understand the nature of conservation efforts, unfortunately. That is designed to fail, it's designed to fail. And three years from now, four years from now, whenever we get around to it, we'll be back to say we need to do a

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conservation plan. That plan is built on poor information and it's designed to fail. Thank you.

ALJ PHILLIPS: Thank you. It's 9:32 I still have several cards.

Steven Klein.

MR. KLEIN: Thank you. You know I think that a lot of people who are sitting here today are really concerned that there's a human transparency issue involved, okay, because as you've heard I know at least one gentleman what he's going to have to do without if a rate hike like this goes through, okay.

I know older people, okay, who you know if it's even \$10 or \$15 a month, that's \$10 or \$15 a month that they're going to have to appropriate for something that is really wrong. And this Suez has over reached, okay.

And I'm just going -- I'd like to say this. They've over reached in a way where they're forcing us to come and literally plead for something that's not

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unreasonable or else I don't think anybody would be here. And I'd just like to say that, to me, they are the Wells Fargo of water companies.

ALJ PHILLIPS: Thank you.

Stephen Stein.

MR. STEIN: My name is Stephen Stein, I'm born and raised in Rockland County 53 years.

I support the Joint Proposal and feel that it's good for Suez customers in Rockland County. It's an opportunity to move forward.

The Joint Proposal includes many customer benefits. Accelerating replacement of transmission and distribution mains, continuing in urban sharing mechanisms that allow customers to share in the company's earnings above specified levels, establishing a conservation and efficiency program and related incentive mechanisms, continuing a customer service performance incentive mechanism, and establishing a process to

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develop a low-income rebate program.

An average rate increase of only 5.6 percent is very fair for Rockland residents considering all the value in investments, including the rate case. I applaud Suez's commitment to invest heavily in infrastructure. Many other counties are unable to replace any aging pipes, water tanks and treatment plants because of the lack of municipal funding. We in Rockland are very fortunate to have Suez.

Suez's advanced metering technology will allow customers to frequently monitor their water use and that will also motivate homeowners to intensify their conservation efforts. Suez and New York State have reached a fair compromise on how to pay the cost associated with the Desal plant that was abandoned last year. Suez conservation program is very extensive and will make a difference in Rockland's efforts to conserve more water. The rebate programs for toilets, washing

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machines and shower heads will be welcome by all Rockland residents and the business community will also benefit from this.

I'm really impressed with Suez's outreach plan to promote conservation along the water safety devices and appliance rebates. I'm also pleased to hear that Rockland's two major utility companies, Suez and Orange and Rockland, will collaborate on a rebate program to achieve both energy and water savings. This is a rate case that requires expertise and deep industry knowledge of Suez. We in Rockland are very lucky to have an industry leader as our lone provider.

I endorse the new rate structure proposed by Suez to eliminate summer winter rates and this approach will reward customers who conserve water. Thank you.

ALJ PHILLIPS: Thank you.

Yvette McLarty.

MS. MCLARTY: Hi. I'm not sure what really possessed me to come up here, this

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is not really my lane, but I'm just winging it. It worked for the Donald tremendously, so maybe it'll work for me.

I've lived in this county for half a century, my family has lived in Valley Cottage for 50 years at least. My mother brought up the fact that she used to pay quarterly, as the other woman was saying, now it's monthly, and that's always a sign that somebody is getting over on you. It's like going to the car dealership and they say, How much do you want to pay a month? So that means you're going to be paying \$30,000 for a \$20,000 car, and it's not good.

I feel like somebody came in and reached in my pocketbook after I worked hard as a rehab aide changing adult diapers and said, I'm going to take your money and I'm going to go to Atlantic City 'cause I got a sure thing. And then go, Oh, I'm sorry I just lost your money, and also I lost some of my money, so I'm going to take more of your money to make up for

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what I just lost. Does that make sense?
I don't think so.

We already bailed out Wall Street,
not doing it again.

ALJ PHILLIPS: Thank you.

Vincent Abbatecola.

MR. ABBATECOLA: Good evening, Judge
and Commissioner. My name is Vincent
Abbatecola. I live in Haverstraw. I'm
here this evening as both a customer of,
and a vendor to, Suez Water.

With regard to the Suez proposed rate
increase, for me, not knowing the
pertinent and complex financial
information surrounding this request makes
my unqualified to express an opinion of
the merits of the request. I can tell you
firsthand that the cost of operating any
business in New York State is an ever
increasing burden. With tax being --
property tax being a significant expense,
I'm told that Suez's Rockland property tax
exceeds \$20 million a year, that's an
impressive amount.

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But what I do feel is important or as important as financial information is, so is the integrity and the commitment of the water company employees and management team. For over many years with Spring Valley, United Water, and now Suez, we've had the opportunity to work with these entities in their continued support of our community; the not-for-profit, industrial, and consumer segments. We're happy to have been in a position to assist Suez with nonprofit fundraising or aiding in any emergencies. We have found Suez employees and management, many of who are local residents, they're committed to bettering Rockland in many ways other than their main mission of delivering pure, safe water with prudent control resources. Thank you for having me.

ALJ PHILLIPS: Thank you.

Suzanne Barclay and Joseph Beckerie.

MS. BARCLAY: Good evening, Judge Phillips and Commissioner Burman. Thank you for coming to Rockland, and thank you

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for this opportunity.

My name is Suzanne Barclay, I'm a member of the Rockland Water Task Force Conservation Committee, and I'm also an intervenor in this rate case.

In this Joint Proposal, ratepayers are asked to pay \$54 million because that's what the Company spent on the development of the failed Desal plant. And the assumption is that the project is dead, the \$55 million is spent and Suez is left with nothing. But I'd like to revisit that assumption. In the course of the Desal project, Suez paid for an array consultants. They hired engineers, accounts, planners, scientists, lawyers, lobbyists, hydrologists, social specialists and other specialized professionals. And during the seven-year period in which this project was developed, they learned an enormous amount.

So what did they learn? They learned how to promote their Desal project. They

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learned how the public and elected officials reacted to their proposal and how to respond to that. They learned how the environmental review process worked in New York State. And finally, they learned about the technical processes of filtering and Desalinated river water. These are all valuable lessons that have monetary value.

So my point is that there is residual value in the \$55 million they spent. PSC ordered Suez to cease development of the Haverstraw water supply project. But Suez employees didn't scrub their hard drives, they didn't shred their voluminous reports, nor did they destroy their data. Of course not, why would they? Suez gained valuable knowledge and experience that they would undoubtedly apply elsewhere. They will apply lessons learned in Rockland to future projects around the country.

So my question for the PSC is this:
Why should Rockland ratepayers foot the

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bill for the \$55 million pilot project that Suez will now likely market elsewhere in the country? Thank you.

MR. BECKERIE: Good evening, thank you. My name is Joe Beckerie. I live in Garnerville, I'm a small business owner, but despite my last name I'm not in the lumber business.

I think we here in Rockland are very fortunate to have Suez as the stewards of our water supply and its delivery, that's important, the delivery, 'cause unlike many communities, as the other gentleman pointed out, that have municipal water, they often struggle with lack of funding for the infrastructure.

Suez has been committed to invest heavily in its infrastructure replacing aging pipes, tanks, and treatment plants. They're investing new technologies that will be more efficient and allow homeowners to monitor their own usage, and if they aren't allowed to recoup their losses, that infrastructure is going to

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suffer.

With that in mind, I think the estimated rate increase is just over \$2.50, it's not a lot, when you think about it, a month. If it means better service and quality, when you think about that's a slice of pizza a month.

Finally, people often get upset, even outraged, when they hear a utility company wants to increase its rates. But your water bill is really in your control. You want a lower bill, use less water, it's simple as that. I do it in my own home. I have teenage daughters, I have them shorten their showers by a few minutes. Even five minutes, and that certainly goes a much longer way in saving money than \$2.50 increase that Suez is asking for.

So all of us really we should be more concerned with conservation in our own homes and that's the best way to lower your bill. Thank you.

ALJ PHILLIPS: Thank you.

So I actually made it through all of

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the cards, but there were some people I called who may have left. So if you did in fact fill out a card and you didn't hear me call your name, can you raise your hand.

(No response.)

ALJ PHILLIPS: Okay. I think we've heard from everyone then.

I just want to say thank you so much for coming out, we've enjoyed hearing from you. Thank you for use of the facility again. We are adjourned.

MS. PRINCZ: I want to say something.

ALJ PHILLIPS: We're back on the record. Just state your name for the reporter.

MS. PRINCZ: My name is Ita Princz, I-T-A, P-R-I-N-C-Z.

And I wanted to make a comment in reference to what the gentleman just said, that it's up to us to conserve water. And over the years, the more we conserve the higher our bills are. And that's what I wanted to say.

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ALJ PHILLIPS: Thank you.

So once again, we're off the record.

Thank you again for coming out.

(Time noted: 9:47 p.m.)

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C E R T I F I C A T E

STATE OF NEW YORK)
) ss.:
COUNTY OF QUEENS)

I, NICOLE ELLIS, a Notary Public for and within
the State of New York, do hereby certify:

I reported the proceedings in the within-entitled
matter, and that the within transcript is a true
record of such proceedings.

I further certify that I am not related to any of
the parties to this action by blood or by marriage
and that I am in no way interested in the outcome of
this matter.

IN WITNESS WHEREOF, I have hereunto set my hand
this 4th day of October 2016.

NICOLE ELLIS