NEW YORK STATE OF OPPORTUNITY. | Public Service Commission

Factsheet and Notice of Public Hearings

Suez Water New York Inc.
Proposed Rate Increase and Merger
Case 19-W-0168

In March 2019, Suez Water requested the New York State Public Service Commission (Commission) approve proposed increases in its water service rates. The Company subsequently filed a petition seeking to consolidate all four of its New York operating units into one entity called Suez Water New York, Inc (SWNY/Company). Suez Water requested that the Commission consider the two petitions together for a common record and schedule.

New York State Department of Public Service (DPS) Staff is in the process of evaluating whether -or to what extent - a rate increase is justified and whether merger of the companies is in the public interest. DPS Staff represents the public interest in these proceedings and evaluates such requests with the goal of ensuring safe and reliable service at just and reasonable rates. Review of the filings is also underway by other parties to these proceedings. The information contained in this factsheet does not reflect DPS Staff's ongoing evaluation of the proposals.

SUMMARY OF THE PETITIONS

Merger Joint Petition:

SUEZ Water currently has four operating units within New York State. Suez Water NY serves approximately 74,000 customers in Orange and Rockland counties and Suez Water Owego-Nichols serves 1,550 customers in Tioga county. In Putnam and Westchester counties, Suez Water Westchester serves 43,500 customers and Suez Water Forest Park serves 980 customers.

On April 10, 2019, the four water companies submitted a Joint Petition to the Commission, pursuant to Public Service Law Sections 89-h and 108, for approval to merge their operating units, with SWNY as the surviving entity. The Joint Petitioners stated that the proposed merger is in the public interest and that their customers will benefit from the merger because:

- Consolidating small water systems will improve the water service afforded to the systems' customers;
- It will reduce, where possible, regulatory and administrative requirements;
- Capital investment and infrastructure replacement costs will be spread out over a large rate and customer base; and,
- The combined company will have a stronger financial posture, while retaining access to the operational, technical and managerial capabilities, which include infrastructure renewal, water treatment, research and development, customer service, information technology and water quality monitoring.

Rate Case Petition:

On March 4, 2019, Suez Water companies filed for new water rates to be effective February 1, 2020 through January 31, 2021. The filing proposes to merge tariffs under one common set of rules and regulations but maintain three separate rate districts with different rates. The three districts would be Rockland, Westchester, and Owego (consisting of Owego-Nichols and Forest Park).

According to SWNY, major rate drivers for the proposed rate increases include increases in the cost of providing service, higher property taxes and continuation of its water conservation program. According to the Company, the proposed revenue increases are necessary to ensure that the Company can meet the needs of providing safe, adequate and reliable water service to its customers.

- **Proposed Rates**:
  The proposed revenue increase is approximately $31.5 million (or 19.8% increase to current revenues). The proposed rates would include the following changes for an average monthly bill for residential customer:

  - Rockland and Orange Counties: increase by $10.50 (a change of 18.6%)

  - Westchester County
    - City of Rye and villages of Rye Brook and Port Chester: increase by $5.40 (11.5%)
    - Forest Park: increase by $2.70 (5.6%)
    - Other parts of county: decrease by $4.20 (7.5%)

  - Tioga County: no change

- **Additional Components**
  - The consolidated company would be operated under a single tariff with one set of rules and regulations and merge certain rate design elements, with the goal of eventually adopting uniform rates across all operating units.
  - The Company is proposing to replace the current rate structure with a fixed facility charge and move from a seasonal rate structure to inclining usage blocks for residential, multi-family and non-residential customers. The first rate block would be set at water usage of 0-5 ccf per month (approximately 3,700 gallons) and would be charged one rate, while consumption in the next block (i.e. above 5 ccf) would be charged a higher rate. SWNY suggests that this rate structure will encourage conservation by customers that use water for discretionary purposes like lawn watering and other outdoor usage.
  - SWNY is proposing restructuring its current Conservation Program and rolling the program out to all counties within the merged operating units. Components of the program include the conservation-oriented rate design (described above), water audits, partnership with retailer stores and customer outreach and education. The filing proposes eliminating the Conservation Incentive Mechanism developed in SWNY's last rate case (16-W-0130).
  - The Company's proposal includes a plan to invest $440 million over the next five years for infrastructure projects, such as the Deforest Reservoir Upgrade, the Westchester Disinfection Project, and planned increase in main replacement projects.

The full text of the petitions may be viewed online at DPS's www.dps.ny.gov website. From the homepage, click on "Search," and enter the rate case number (19-W-0168) in the "Search by Case Number" field.

PUBLIC INVOLVEMENT

The Commission strongly believes that obtaining public input is a critical component of the rate-setting and petition processes. Stakeholders such as consumers, government agencies and officials, public interest and environmental groups, and industry representatives are invited to participate in the process, review the proposals, and submit comments.

An Administrative Law Judge (ALJ) will preside over the gathering of public comments and all evidence relating to these cases. The Commission must consider a utility's proposal and may adopt or reject it in whole or in part or modify it by adopting changes proposed by participating parties, the public or the Commission.

There are several ways to participate in the rate case and merger petition review process, including:

- **Provide Comments**: Comment on the proposed rate increases and the proposed merger by Suez are sought. Comments received by the Department will become part of the record considered by the Commission. Comments will be accepted at any point while these proceedings are pending but are requested by **August 30, 2019**.

  - **Via Public Statement Hearings**: The Commission will hold hearings in three locations in Suez's service territory in June 2019. Interested members of the public are invited to attend the public statement hearings and provide comments regarding the proposals. The hearings will be preceded by an informational forum where a Suez representative will provide a brief overview of the Company's proposals and an ALJ will explain the review process under the Public Service Law and how individuals can participate. It is not necessary to make an appointment in advance or present written material to speak at the hearings.

    The dates, times and locations are as follows:

Date	Location	Time
June 11, 2019	Putnam Co. Training Center 112 Old Route 6 Carmel, NY 10512	Informational Forum - 1:00 pm Public Statement Hearing – 2:00 pm
June 11, 2019	Rye City Hall City Council Chamber 1051 Boston Road Rye, NY 10580	Informational Forum - 7:00 pm Public Statement Hearing – 8:00 pm
June 12, 2019	Rockland Co. Legislature Legislative Chambers 11 New Hempstead Road New City, NY 10956	Afternoon Forum - 2:00 pm Afternoon Hearing – 3:00 pm Evening Forum - 6:00pm Evening Hearing – 7:00 pm

  - **Via the Department's Website:** Comments may also be entered directly into the case via the www.dps.ny.gov website. Enter the associated case number (Suez Rate Case: 19-W-0168) in the "Search by Case Number" field on the homepage of the website. After clicking to open the case, enter comments in the "Post Comments" section located at the top of the page.

- **Via Mail/E-Mail:** Submit comments electronically to Kathleen H. Burgess, Secretary, at secretary@dps.ny.gov or by mail or delivery to Secretary Burgess at the Department of Public Service, Three Empire State Plaza, Albany, New York 12223-1350. Comments delivered in these manners should reference the rate case number.

- **Via Toll-Free Opinion Line**: Individuals may choose to comment by calling the Commission's Opinion Line at 1-800-335-2120. This line is set up to receive in-state calls 24-hours a day. Callers should press "1" to leave comments about Case 19-W-0168 "Suez NY." Comments received via the Opinion Line are not transcribed, but a summary is provided to the ALJs and to the Commission for its consideration.

➢ **Request Party Status:** Some individuals or groups participate in rate cases by becoming a party in the case. Generally, parties commit to contribute to the development of a complete record in a proceeding by conducting discovery, submitting testimony, briefs, or other formal written comments, and/or participating in evidentiary hearings, procedural conferences and other formal events conducted in the case.

A request for party status can be submitted online through the Commission's website (www.dps.ny.gov) by searching for the case numbers and clicking the "Request for Party Status" link at the top of the Case page. Alternatively, a request form can be downloaded from the website or by writing to the ALJs, NYS Public Service Commission, Three Empire State Plaza, Albany, NY 12223. The requestor will be given provisional party status, subject to the right of other parties to object and subject to the determination of the ALJs.

➢ **Join the Service List**: Interested persons may monitor a proceeding by subscribing to the service list of that proceeding. Such persons will receive an e-mail with a direct link to the documents issued by the Commission, such as orders, notices, and rulings. Persons unable or unwilling to receive such electronic notification will receive hard copies of Commission-issued documents by regular mail.

To register online, click on the "Subscribe to Service List" link at the top of the dedicated page for Cases 19-W-0168. A "Service List and Mail Service List Request Form" can be downloaded from the site and the completed form sent by e-mail to Hon. Kathleen H. Burgess, Secretary at secretary@dps.ny.gov or by mail to: Secretary, Public Service Commission, Three Empire State Plaza, Albany, NY 12223-1350.

➢ **Monitor the Case on the Commission Website**: Interested persons who choose not to receive e-mail notifications can visit www.dps.ny.gov to check on the status of the cases. For a given case, all documents filed by parties, correspondence, hearing transcripts, and Commission issued documents are posted on the website. All written comments submitted by the public are posted under the "public comments" tab for the case.