



## NEW YORK STATE LEGISLATURE

August 2019

John B. Rhodes  
Chair & CEO of the Public Service Commission  
Empire State Plaza, Agency Building 3  
Albany, NY 12223

**Re: Case # 19-W-0168, SUEZ Water New York, Inc., SUEZ Water Westchester, Inc., and SUEZ Water Oswego-Nichols, Inc., Proposed Rate Increase and Merger**

Dear Chairperson Rhodes,

As the State Senator for the 37<sup>th</sup> District and State Assemblyman for the 91<sup>st</sup> District, we represent several municipalities impacted by Suez Water's proposed rate increase and the merger of SUEZ Water New York, Inc., SUEZ Water Westchester, Inc. (SWW), and SUEZ Water Oswego-Nichols, Inc., including the City of Rye and the Villages of Rye Brook and Port Chester. We have serious concerns about the financial shock the proposed rate increases and merger would have on Westchester communities. We believe the PSC should give additional scrutiny to the justifications provided by Suez Water for these increases.

As a fundamental necessity, residents most impacted by this rate increase have little flexibility concerning their basic consumption. Suez Water's proposed revenue increase is approximately \$31.5 million (or a 19.8% increase over current revenues). This increase would result in rates that are, on average, 11.5% higher than current monthly bills for residents of the City of Rye and the Villages of Rye Brook and Port Chester. However, as significant as that number is, the average does not tell the whole story. In some cases, the proposed rate increase could more than double the rate that some residents and businesses in Westchester are already paying. For many residents of this area, this increase would result in serious challenges, particularly for older residents living on fixed incomes. Many area residents are already struggling to afford living in their communities. A rate increase of this magnitude will have a significant negative impact on the ability of these residents to keep up with their basic household expenses.

The proposed rate increase will have a similarly detrimental impact on the business community, especially small, local businesses who cannot absorb the substantial additional expenses that Suez Water seeks to impose on them. This is particularly true for some of the restaurants, breweries, and distilleries that we have worked so hard to attract to our communities.

In addition to the negative financial implication for ratepayers, an examination of the available documents demonstrates that Suez Water's justifications for the proposed rate increase require amplified scrutiny, and ultimately do not support such a dramatic additional burden on ratepayers.

Given that the rate increase plan involves a proposed merger of entities we would expect efficiencies and savings to be realized by ratepayers. Instead it appears the benefits of any such savings are not being shared by ratepayers. We also suggest that additional scrutiny be given to the documentation Suez uses to defend the proposed rate increases on the following issues:

1. An unmerited proposal for a profit-driven bonus program for management personnel in the post-merger Suez Water company which would benefit Suez Water executives and shareholders at the expense of ratepayers;
2. Various accounting practices and conclusions about Suez Water's revenue and expense predictions that are contested by Public Service Commission staff;
3. The application does not adequately explain the failure to include savings from merger-based consolidation synergies in the proposed rates, while simultaneously claiming that such savings are a benefit of the proposed merger; and
4. We strongly question the plan to standardize rate structures across water districts because this change does not appropriately account for differences among operating units and will be inequitable to some ratepayers.

SWW's operating history and finances also suggest that this significant rate increase seems inappropriate. A nearly 20% revenue boost is not in line with the fact that Suez Water has had solid year over year revenue. As a highlight to why the request for increased rates appears so unreasonable, SWW charged ratepayers in years 2014-2017 in order to pay state income taxes when it owed zero state income tax for those years due to changes in state tax law, has yet to return those amounts to ratepayers, and is petitioning to delay full repayment of those amounts in this proceeding.

Public comments to date indicate that others providing comments have additional questions about Suez Water's track record on the costs it passes on to ratepayers, whether it has been thoughtful about the inclining block structure and how commercial rates are charged, and the logic behind the proposed merger. In light of these matters, Suez Water's proposals should be approached with an attitude of increased skepticism and a focus on protecting ratepayers, especially those that are most vulnerable.

We urge the Public Service Commission to reject Suez Water's application for this proposed rate increase and they be asked to resubmit an amended, better documented and more realistic proposal. We view the proposed increase as adverse to ratepayers, especially the many seniors and families living on tight budgets for whom it would pose an unreasonable burden.

Thank you for your consideration of these issues.

Sincerely,



Shelley B. Mayer  
37<sup>th</sup> Senate District



Steven Otis  
91<sup>st</sup> Assembly District