

INCORPORATED VILLAGE OF SEA CLIFF

Mayor

Elena Villafane, Esq.

Trustees

Tannaz Nasirzadeh-Balooch

Nicholas Pinto

Mark Sobel

James Versocki



Village Administrator

Bruce P. Kennedy

Village Clerk

Sarah Beaudin

Village Justice

Robin S. Maynard

Counsel

Brian S. Stolar, Esq.

September 12, 2023

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

RE: CASE NO. 23-W-0235

Dear Members of the New York State Public Service Commission:

After discussions with the Board of Trustees, we formally oppose Liberty Water's requested rate increases for its Sea Cliff Operational District.

After years of the highest water bills in New York State, Liberty Water is now requesting further rate increases. When the PSC approved the sale of NY American Water to Liberty Utilities, it was promised that the sale would result in savings to the ratepayers. However, Liberty Utilities is now looking for a 13% increase in rates for the Sea Cliff District.

The proposed rate increases are further unjustified since the recently established Water Authority of the North Shore is in the process of negotiating acquisitions of Liberty's Sea Cliff operations. In fact, this rate case should be suspended until negotiations are completed. It is the objective that Liberty will not be supplying water to Sea Cliff for the years petitioned in this rate case, and proceeding with the hearings could unfairly prejudice the ongoing negotiation and acquisition for all parties.

In recent years, there were four (4) independent studies done on potential municipalization of all Liberty Utilities / NY American Water's districts on Long Island; and each one concluded that municipalization would be in the ratepayer's best interest. It would eliminate not only the tax burden that private water companies have to bear but also eliminate the root of the problem, which is the motivation to deliver profits to the shareholders. The 2020 DPS statement on municipalization acknowledged the projected benefits of a municipal entity acquiring Liberty's service territories on Long Island. The Staff Report concluded that municipalization of the system would benefit ratepayers and recommended legislation to create a water authority to acquire the system. The DPS statement was heard; legislation was passed and the law was signed by the Governor in 2021.

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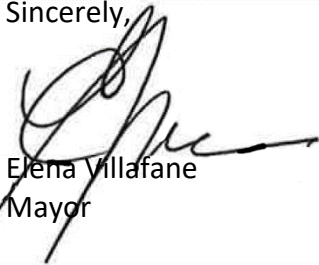
In this case, Liberty seeks full recovery of infrastructure in the amount of approximately \$200 million from ratepayers when such capital costs should be borne by the shareholders and not the ratepayers. It is offensive that the ratepayers should be asked to pay for the assets and infrastructure that Liberty claims to own. Unless Liberty is prepared to deed the assets to the ratepayers, then the shareholders should assume the costs. Further, the petitioner wants cost recovery for infrastructure investments to be paid by the ratepayers in a mere 2 years rather than over a reasonable period of time such as 20-years. To make this even more appalling is that Liberty is requesting that any future capital improvements be added as an additional surcharge.

Liberty is also seeking reimbursement for \$6.7 million in late payment and reconnect fees forgiven during the COVID pandemic. This request for reimbursement has nothing to do with the supply of water but rather a desire for more profit. Before granting such a request, we would ask for an accounting of any pandemic relief funds obtained by Liberty / NY American Water.

I would also ask the PSC to discontinue the habitual approval of fire hydrant rentals at an unreasonable cost of \$1,000 per year. In most municipal water districts, the expense of a fire hydrant rental is \$80 per year. While Liberty likes to hear that the exorbitant water bills, they send out, are due to "special franchise taxes", a quick review will indicate that they recover virtually all that expense with the income from fire hydrant rentals.

In the 2016 NY American Water rate case, the PSC approved the "socialization" of all cost within the Sea Cliff, Merrick, and Lynbrook districts with the exception of property taxes. This resulted in great disparities to the detriment of the Sea Cliff District ratepayers. This inequity should be an issue that is remedied in this case, should the PSC consider approving any portion of Liberty's requests. With that said, I reiterate our request for an adjournment to this case in its entirety until municipalization negotiations are completed.

Sincerely,



Elena Villafane
Mayor