



January 16, 2017

Re: Case # 16-W-0130

Dear Chairwoman Zibelman,

I am taking the unusual step of reaching out in order to speak to you directly.

I write in regard to the impending Suez/Rockland rate case decisions. I am an intervenor in Case 16-W-0130 on behalf of Sierra Club Atlantic Chapter and I am Co-leader of Rockland Sierra Club. I am also a co-founder of the Rockland Water Coalition and a member of the Rockland County Water Task Force. I write here representing Sierra Club.

The 2015 PSC decision set Rockland on the path for a forward thinking demand reduction approach that would break new ground in New York State. The right PSC decisions now are essential to the success of that project. Inadequate plans could well undermine that success and would constitute a significant step backwards for the PSC on water policy. We urgently request your close attention to these decisions now.

The Joint Proposal was signed by only two of the 24 separate parties that negotiated in this case, Suez and DPS Staff. The County and all five of Rockland's towns and 17 other intervenors oppose this JP.

One of the main reasons for the opposition of *all* of the negotiating intervenors to the JP is that it would lock Rockland into five-year plans that would achieve only the minimum ordered by the Commission. Independent experts have shown that the JP could be substantially improved and the impacts nearly doubled with minimal additional cost.

If the current JP is approved, an inadequate demand side approach could lead to failure, so that five years from now Suez and Rockland would be back at your doorstep battling over another massively expensive supply side proposal. That could mean that Rockland would pay three times over: for the failed desalination project, for failed conservation, and then again for a major new supply source. Rockland already pays among the highest water rates in the country. It is clearly in the public interest, then, to maximize the potential of the demand side approach now in this critical period.

This is not only about cost. The urgency of climate change requires that state agencies quickly develop the policies that will maximize demand reduction over new energy intensive new supply.

The decisions in this case are also about whether public private partnerships can truly be shaped in the public interest. A recent article in the New York Times detailed the problems inherent in private ownership of public water systems by hedge funds and private utilities. In a period of increasing privatization, it is more important than ever that the PSC protect the public from the inequity inherent in these partnerships.

Equally important is the question whether these partnerships can be shaped by the PSC to work in the public interest in the face of climate change, to put demand reduction ahead of profits for shareholders. *That question is truly being put to the test in this case.*

A recent EPA report cited Rockland for “best practices”, as a community that was able to avoid the massive costs of new supply (and resulting additional infrastructure costs) through demand reduction. It is your leadership that made that possible, recognizing that Rockland could be a test case for forward thinking water policy. To approve the current JP would undermine that vision now.

The Task Force is poised to move ahead and needs your support in the form of strong and cost effective conservation and leak repair plans from Suez and effective conservation rates. As you may know, the Rockland Water Task Force was recently awarded \$250,000 for conservation planning and implementation. The question is whether the Commission will support a community that has educated itself about water issues, established a working Task Force of professionals and informed public, secured funding, and **now seeks to maximize exactly the kind of sustainable water policy that the Commission seeks to promote.** We are ready to move ahead.

The Task Force has also been working with the NYS Code Council and the Natural Resources Defense Council to pass more efficient building code requirements. It appears likely that in January the Code Council will approve a requirement at the state level for EPA’s WaterSense standards in new construction. We are making a difference at the state level too.

The intervenors are asking for improvements, not one of which would result in any loss to the company. We ask here for your attention in particular to the rate restructuring. The current proposal would reduce peak summer rates. Suez failed to comply with the order to compare the impacts of alternative rate structures and is now proposing to review the impacts only in the next rate case, at an undetermined time. **The rate restructuring is too critical to the success of conservation to approve a plan that could actually result in more lawn watering during the critical summer period.** The restructuring should be pulled out of this case and reviewed once the company has fully complied with the past order to compare impacts of alternative structures.

At the same time a balanced decision on the extraordinary \$54 million desalination planning costs is essential to restoring public trust in the fairness of the final decision and is equally, essential to reducing the friction between Suez and the community serves.

Having taken a strong step forward in the previous case toward addressing the needs of the future with economically and environmental sustainable water policy, will the Commission settle in this case for bare compliance, which could well lead to the failure of the very policies that the Commission seeks to promote?

Rockland presents a unique opportunity for the Commission, a test case for the state water policies of the future. It has taken us eight years of hard work by elected officials and by the community to get to this point when we are finally able to leverage professional expertise to build financially and environmentally sustainable policies for Rockland. Now we need the support of the Commission through an order that establishes a much stronger conservation plan, more effective conservation rates, and through maximizing cost effective water loss reduction.

The truth is that there is still a unique opportunity here for Suez to create a model program together that could be taken to other communities across the country. To instead permit Suez to comply with the bare minimum has ramifications for all the communities this utility serves in New York.

The Joint Proposal is not the world-class conservation plan we know the Commission was looking for, a model for a future REV for Water. What we are asking for is reasonable and attainable and is, in fact, happening in other communities around the country. Given the importance of this case for Rockland County and for NYS, we are asking the Commission to reject the extraordinary desalination charges, the minimum compliance conservation plan, the seriously flawed rate design and the extraordinary financial incentives and to order Suez to incorporate the recommendations of experts hired by the county and by other parties into the strongest conservation and water loss reduction plans we can craft together.

Your leadership brought us to this point. The decisions that will set Rockland on the path to success will not happen without your direct attention to this case.

Sincerely,

Peggy Kurtz  
On behalf of Sierra Club Atlantic Chapter

