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Audrey Zibelman, Chair

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**Commission Modifies Proposed Suez Rate Settlement to Lower Increase
— PSC Cuts Nearly \$1M from Initial Proposal; Strengthens Water Conservation Efforts —**

ALBANY — The New York State Public Service Commission (Commission), after carefully considering significant public comments and concerns, today decided not to accept a three-year proposal that would have raised water rates for Suez Water New York, Inc. customers in Rockland County by more than \$5 million annually. Instead, the Commission modified the plan and reduced the proposed rate increase by \$960,000 over the next three years. The Commission also strengthened conservation and leak-reduction programs, and created a first-of-its-kind rebate program to assist low-income water customers.

“After carefully reviewing the terms that were initially proposed, and the arguments for and against it, we opted to adopt a rate plan that strikes a better balance for customers,” said Commission Chair **Audrey Zibelman**. “Our decision encourages Suez to improve system efficiency by implementing cutting-edge, proactive water-loss and conservation management practices. The public demanded reductions in the proposed rates along with greater efforts to strengthen conservation and demand reduction, and we agree. This decision is a win for Suez customers.”

In response to public concerns on costs related to a now-abandoned plan to build the Haverstraw desalination facility, which was proposed to address potential need for a major long-term water supply, the Commission reviewed the joint proposal and decided that costs should be lowered. In addition cutting \$8.2 million from Haverstraw’s costs, the Commission reduced the company’s allowed rate of return on costs of the desalination plant, saving ratepayers \$960,000.

The modified three-year plan implements annual revenue increases of \$4.87 million to fund investments that will facilitate better management and control of water supplied and distributed by Suez to more than 290,000 people located mostly in Rockland County. In the first year, the new plan for the average residential customer will result in an average monthly increase of \$0.51 a month, or 0.8 percent. The very moderate increase in the first year is a result of a complete rate redesign, which eliminated the summer-winter differentials and established new usage blocks geared toward conservation.

Under the new rate design, the first year rate was set to provide average-use customers with little or no bill increase. However, in order to encourage conservation, higher rates will apply to high-use customers. In the second and third year, the rates for usage will increase. As a result, the average residential customer will see average monthly increases of \$4.80 and \$4.87 in the second and third years of the plan, respectively.

The modified plan needs to be accepted by the company by Friday, Jan. 27 in order for the plan to be in effect by Feb. 1, 2017. The plan also includes a strengthened five-year conservation and efficiency plan program to reduce overall water use. It also adopts a program to promote much stronger leak management. Both of those programs are necessary and important steps towards maximizing the efficient use of existing water supplies, steps acknowledged as important, even critical by most, if not all the parties to this case. In addition, the Commission will require additional measures to improve water quality.

The strengthened conservation program approved by the Commission is designed to reduce demand by more than three million gallons per day (MGD) — double the level proposed in the company's conservation plan. Meanwhile, other aspects of the improved rate plan, such as conservation-oriented rate design, advanced metering infrastructure, and conservation outreach and education, are expected to make additional contributions to conservation beyond the three MGD.

Finally, the Commission directed the company to solicit input from interested stakeholders to develop a rebate program to assist low-income customers. Within six months after Commission approval of the rate plan, the company will provide its low-income rebate program proposal for approval. As part of the company's effort to design a low-income rebate program, Suez is directed to study the feasibility of pursuing a cost-effective direct install program. In addition, within nine months the company is required to submit to the Commission for approval a low-income discount program.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 16-W-0130 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.