



CHARLES D. LAVINE
Assemblyman 13th District

CHAIR
Judiciary Committee

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April 21, 2021

Via Email: James.Denn@dps.ny.gov
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Hon. John B. Howard
Acting Chair
Public Service Commission
Albany, N.Y.

Re: New York American Water

Dear Acting Chair Howard:

Working very closely with the Public Service Commission, the New York State Senate yesterday passed a bill (1) liberating New York American Water from the obligation to pay a \$30 million yearly special franchise tax and (2) establishing a proposed framework for the creation of a Nassau County public water utility entity.

You are aware that Senate and Assembly staff with unique expertise are negotiating the provisions. I will be amending my bill calling for creation of a North Shore Water Authority to mirror the Senate version passed yesterday to assist the continuation of those negotiations.

I have been advised by PSC staff that the 26% rate increase to be paid by New York American ratepayers must go into effect on May 1. I am further advised that the increase cannot be further postponed because interest accrues with any rate deferral. Will you at your very earliest possible convenience inform the ratepayers and me how that works? For example, is such accrued interest, if any, deducted from New York American Water corporate profit or is it somehow reflected in corporate borrowing?

Being the driving factor in PSC's refusal to delay the 26% increase to ratepayers, I suggest that the 120,000 plus Nassau ratepayers deserve to know this critical information.

The PSC and the Senate initiated discussions of Senate Bill 989A with Long Island Assemblymembers on March 29, within hours of the March 31 deadline for adoption of what is our most complex state budget. Well-founded concerns were raised in the Assembly relative to which Long Islanders would end up paying the \$30 million franchise tax. We continue to discuss a fair and equitable method to redistribute that amount.

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It would be far more equitable for the State to absorb that \$30 million so it does not have to be borne by all Long Islanders. After all, \$30 million is a small drop in a \$212 billion budget. Given that the PSC is so closely aligned with New York's Executive branch, I suggest this proposal should receive the most earnest consideration.

On the subject of equity, you know that I do not believe that there should be a corporate profit incentive for the delivery of essential water service to our citizens. Interestingly enough, New York American purchased its predecessor, Aqua, in 2012 for \$39 million cash and \$23 million in assumed debt, a total of about \$62 million. It is now selling to Liberty Utilities of Canada for \$607 million. Its shares sold in 2016 for approximately \$50 each. An individual share sells today for \$161.31. Not too shabby a return on investment.

While we in the Assembly will continue to negotiate the Senate bill backed by the PSC and New York American, I respectfully request that the Public Service Commission indefinitely delay the imposition of the 26% rate increase scheduled for May 1. The initial word of the "Public Service Commission" is "Public." I suggest that the Public, the citizens of Nassau and Suffolk County, those served by New York American and those receiving municipal water, deserve no less.

Thank you for your consideration respecting this matter.

Sincerely,



Charles Lavine