

**Crystal Water Supply Co.,Inc.**  
14 St. Joseph Rd. Forestburgh, NY 12777

August 24, 2020

Michelle L. Phillips, Secretary to the Commission  
Department of Public Service  
Three Empire State Plaza 20<sup>th</sup> Floor  
Albany, NY 12223

Dear Ms. Phillips,

I am submitting a request for a rate increase for Crystal Water Supply Co. Inc. (Crystal Water or the Company). When Crystal Water was created in 1986, it had 150 newly built patio homes at Hidden Ridge and Kutsher's Country Club (Hotel), a 400-room resort hotel, as customers. Crystal Water had the ability to call upon the Hotel for manpower and machinery when problems occurred in the water system. The Hidden Ridge HOA was gracious enough to collect the tariff-approved billing amounts for us from customers. We were able to pass on these savings and operate Crystal Water with a very low customer bill. Since the Company's last rate increase, Hidden Ridge has built a Club House with public bathrooms and cooking facility. In 2013, the Hotel was sold to Veria Inc. who proceeded to close the Hotel and tear down most of its infrastructure. In 2017, Hidden Ridge was reclassified as a year-round facility bringing additional expensive testing. Finally, this June, the Hidden Ridge HOA announced that they would no longer collect billing for Crystal Water's customers.

These changes have a monetary and operational impact on Crystal Water and in turn the homeowners of Hidden Ridge. When leaks were recently discovered at Hidden Ridge, outside contractors had to be called in to make the necessary repairs. In the past three years, with the aging of the water system, the number and severity of the leaks has increased. In 2019 Crystal Water had \$34,983 in repairs and \$45,000 in gross income. The Company lost money for the only time in its history. This year, Crystal Water has already paid out over \$17,000 in repair bills and with a new repair starting, we are projecting that we will surpass last year's repair expense. Crystal Water has been granted an escrow account and associated customer surcharge by the PSC that will recoup most of the expense from 2019 over a period of two years. But it has become obvious that when combining these costs with a planned revamp of the pumping station that we estimate to cost \$75,000 and the rising repair and maintenance expenses - we need a significant rate increase.

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Presently, Crystal Water receives \$299 per year for water from 150 homes at Hidden Ridge with a gross revenue of \$45,000. The Company is proposing a new yearly rate of \$562.44 per customer annually, to be billed on a quarterly basis. This results in annual operating revenues of \$84,366. This represents an increase of \$39,366 or 87.5%. The enclosed leaf 12 contains the proposed leaf with a proposed effective date of January 1, 2021.

Crystal Water requests a waiver of newspaper publication as the Company will notify each customer of the proposed increase by mail.

I am submitting this request with the desire of getting relief to stabilize Crystal Water. I thank you for your time and am available for any follow-up questions.

Sincerely,

Mark Kutsher  
President