



Veolia Water New York, Inc.
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TESTIMONY ON THE FY 2027 EXECUTIVE BUDGET
Submitted to the Chairs of the New York State Joint Legislative Budget Hearing on
Environmental Conservation/Energy

Thank you for the opportunity to comment on the budget proposals concerning utilities and affordability. Veolia Water New York, Inc. is a regulated drinking water provider, serving more than 500,000 people in New York. As a water provider, Veolia has two critical obligations — adhering to public health determinations by relevant state and federal agencies, and financial stewardship — both of which drive the provision of safe and reliable water services to our customers.

We write primarily to draw an important distinction between drinking water utilities and all other utilities, one that should influence how the state establishes regulatory policy over these entities. Drinking water utilities like Veolia must comply with state and federal drinking water mandates that are established to protect public health. These include maximum contaminant levels (MCLs) for constituents like arsenic, mercury, selenium, and more recently the class of chemicals known as per- and polyfluoroalkyl substances (PFAS). Drinking water utilities, especially those that operate in communities with older infrastructure, also have lead service line removal mandates under the federal Lead and Copper Rule.

Complying with the MCLs, including for PFAS, and the Lead and Copper Rule are critical priorities for drinking water providers. Compliance with these public health mandates requires significant capital investments, which are recovered through the ratemaking process. These investments reflect the unique nature of water service as the only utility that customers ingest and use directly for personal, family and community health. Unlike other types of infrastructure projects in other sectors, water system investments are fundamentally tied to public health mandates, water safety, and security.

We understand that the administration faces a tension between wanting to keep utility rates affordable while ensuring the water safety and security of our communities. We share the administration's focus on affordability, and we welcome the opportunity to share the many considerations that go into setting water utility rates, which, if restricted, could result in unintended consequences and run counter to the very purpose of public utility regulation — ensuring the continued provision of safe, reliable, and compliant water service to customers.

Traditional cost recovery through ratemaking remains the only viable path for timely recovery of critical capital costs driven by public health mandates. We welcome an opportunity to meet with your staff and discuss policy options that can help keep water utility rates affordable while ensuring compliance with all applicable public health mandates.

Chris Graziano

A handwritten signature in black ink, appearing to read 'Christopher J. Graziano', written in a cursive style.

Regional President