

May 31, 2017

Robert R. Mason, Jr.
Delaware River Master
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415 National Center
Reston, VA 20192

Steve J. Tambini, P.E.
Executive Director
Delaware River Basin Commission
P.O. Box 7360
West Trenton, NJ 08628

Dear Mr. Mason & Mr. Tambini:

As you are aware, the current Flexible Flow Management Plan (FFMP) expires, by its terms on May 31, 2017. Pursuant to Paragraph 21 of the FFMP upon expiration, diversion and release requirements will revert to what is provided for in DRBC Docket D-77-20 (Revised). D-77-20 (Revised) emanates from the Good Faith Agreement and was developed with the unanimous consent of the 1954 Decree Parties as is provided for in Article 3.3(a) of the Delaware River Compact.

We had hoped to avoid this reversion. The City of New York responded to the document submitted by the State of New Jersey in February with a robust alternative proposal for a new FFMP that included a data-driven path toward a long-term solution. Notwithstanding these proposals, to date, there has been no agreement among the Decree Parties with respect to a modified FFMP. As an alternative, the states of New York, Pennsylvania, Delaware and the City of New York have suggested the extension of the current FFMP for another year. This would allow the Decree Parties the time necessary to work through significant differences that apparently exist between what New Jersey and the City of New York have proposed. New Jersey, however, has refused to agree to the proposed extension and instead has indicated that all parties should plan for a reversion to D-77-20 (Revised).

It is indeed unfortunate that New Jersey has taken this position. Nonetheless, that is where the situation currently stands and all Parties need to plan accordingly. This letter, therefore, informs you of the current situation and also that, notwithstanding the New Jersey position, the City of New York will make releases beyond the minimums set forth in D-77-20 (Revised) and New York State regulations in order to address important flow related issues during the current impasse. Those flows are attached hereto as Exhibit A.

It is important to note that releases above what is provided in D-77-20 (Revised) are not precedent for any continued or additional actions by the City of New York and that these flows will be provided at the sole discretion of the City of New York. We expect DRBC and the River Master to strictly enforce the maximum diversions authorized under the DRBC Water Code and

hold New Jersey to the limitations imposed therein. The City will make these releases subject to its obligation to operate its water supply system in a prudent and responsible manner, and is prepared to continue these releases for a period of time in order to allow for meaningful discussion of a longer-term agreement, so long as the Decree Parties engage in good faith negotiations.

The executing parties acknowledge that signature or acquiescence to this letter and Exhibit hereto does not waive any claims, rights, or defenses that any executing party may have against other participating parties arising out of the releases and management of water resources subject of this letter.

New York City, the State of New York, the Commonwealth of Pennsylvania, and the State of Delaware will work with you to ensure that operations on the Delaware River are undertaken in an orderly fashion and, notwithstanding the current position of New Jersey, will continue to attempt to resolve differences among the Decree Parties. In the meantime, do not hesitate to contact us if you have any questions or need additional information.

Sincerely,



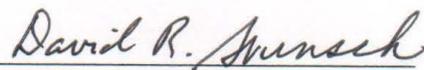
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