

Village of Brocton
Income Statement and Rate of Return Calculation
For the Rate Year ended May 31, 2009

	Test Year Ended 5/31/2009	Normalizing Adjustments	Adjusted	Rate Year Adjustments	5/31/2010 Rate Year	Revenue Increase	Rate Year After
Revenues							
Operating Revenues	749,358	-	749,358	32,065	5 781,423	97,181	878,604
Write off of uncollectible accounts	(25,910)	-	(25,910)	-	(25,910)	(2,578)	(28,488)
Interest	504	-	504	-	504	-	504
Total Revenues	<u>723,952</u>	-	<u>723,952</u>	<u>32,065</u>	<u>756,017</u>	<u>94,603</u>	<u>850,620</u>
Expenses							
PP-NYPA	495,903	-	495,903	19,836	5 515,739	-	515,739
Customer refunds	5	-	5	-	5	-	5
Management Services	-	-	-	-	-	-	-
Insurance	7,100	-	7,100	-	9 7,100	-	7,100
Medical Insurance	5,000	-	5,000	750	2 5,750	-	5,750
Worker's Comp	1,267	-	1,267	190	2 1,457	-	1,457
Retirement	6,153	-	6,153	477	8 6,630	-	6,630
FICA	7,168	-	7,168	1,434	6 8,602	-	8,602
Sick Benefits ACC	-	-	-	-	-	-	-
Production Rents	-	-	-	-	-	-	-
General Rents	-	-	-	-	-	-	-
Reg. Commission	-	-	-	-	-	-	-
Labor	84,203	-	84,203	1,684	6 85,887	-	85,887
M&S	15,000	-	15,000	870	1 15,870	-	15,870
PILOT	-	-	-	4,157	4 4,157	-	4,157
Uncollectible Accounts	-	-	-	-	-	-	-
Depreciation	57,548	-	57,548	115	7 57,663	-	57,663
Distribution Expense	10,495	-	10,495	609	1 11,104	-	11,104
Repairs and maintenance	-	-	-	-	-	-	-
Miscellaneous	82,420	-	82,420	4,780	1 87,200	-	87,200
Total Expenses	<u>772,262</u>	-	<u>772,262</u>	<u>34,902</u>	<u>807,164</u>	-	<u>807,164</u>
Interest Expense	2,723	-	2,723	16,647	3 19,370	-	19,370
Net Income	<u>(51,033)</u>	-	<u>(51,033)</u>	<u>(19,484)</u>	<u>(70,517)</u>	<u>94,603</u>	<u>24,086</u>
Rate Base	<u>533,204</u>		<u>533,204</u>		<u>533,204</u>		<u>533,204</u>
Rate of Return	<u>-9.57%</u>		<u>-9.57%</u>		<u>-13.23%</u>		<u>4.52%</u>

- 1 To increase purchase and service expenses due to inflationary factors and historical increases
- 2 Expected increase in health insurance is 15%
- 3 Interest expense is calculated based on the \$556,750 BAN issued on 5/27/09
- 4 See PILOT work paper
- 5 Expected increase is 4% based on historical average over the past 3 years for purchased power. Revenue rate year adjustment based on historical percentage of revenues to purchased power
- 6 Per union contracts, increase is 2%.
- 7 Per historical increase and based on average depreciation rate, depreciation expense is anticipated to increase by .2%.
- 8 Based on December 2009 estimated billing from NYS Retirement System
- 9 Insurance will remain consistent with prior year per insurance contracts

Village of Brocton
Rate Base
For the Rate Year Ending May 31, 2009

	Balance at Beg. Of Rate Yr.	(see note) Balance at End of Rate Yr.	Avg. Balance
<u>Utility Plant in Service</u>			
Operating Property - Electric	1,357,890	1,389,099	1,373,495
Accumulated Provision for Depreciation	886,336	943,884	915,110
Village of Brocton Plant in Service	1,373,495		
Construction Work in Progress	-		
Accumulated Depreciation	915,110		
Net Plant	458,385		
Contribution for Extensions	-		
Prepayments	-		
Materials & Supplies	3,141		
Unamortization of Rate Case Expense	-		
Cash Working Capital	71,679		
Rate Base		533,204	
<u>Cash working Capital</u>			
Operating and Maintenance Expenses	807,164		
Deduct:			
Purchase Power	515,739		
Depreciation	57,663		
Uncollectible Accounts	-		
Pilot	4,157		
Total Deductions	577,559		
Net Operating and Maintenance Expenses	229,605		
O&M Expense Balance (1/8)	28,701		
Purchased Power Expense (1/12)	42,978		
Cash Working Capital Allowance	71,679		

Note: End of year balance for Utility Plant in Service does not include an adjustment for the 556,750 electric substation that isn't anticipated to be placed in service until after 5/31/2010. Also, the depreciation isn't included for the substation at the 2.90 PSC rate for substations.

Village of Brocton
Capitalization Matrix
For the Year ended May 31, 2009

	<u>Amount</u>	<u>Per Cent</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Customer Deposit	-	0.00%	0.00%	0.00%
Long-term debt	48,100	6.97%	5.00%	0.35%
Net Surplus	<u>642,117</u>	<u>93.03%</u>	<u>4.85%</u>	<u>4.51%</u>
Total	690,217	100%		4.86%

Calculating Revenue Requirement

Rate Base	533,204
Rate of Return	<u>4.85%</u>
Resulting Net Income in Rate Year	25,860
Net Income/(Loss) before Increase	<u>(70,517)</u>
Revenue Requirement (Increase)	96,378
(maximum per mini study \$300,000)	300,000

Revenue Requirement	96,378
Base Revenues	<u>499,467</u>
	19.30%

542,639

Classification	#	New KWH KWH Rate	Service Rate	New Service Charge rate	Demand charge rate	New Demand Charge rate	# of Bills	Number of Lights	# KWH Sold	% Demand KW	% KWH Sold	Old Revenue	New Revenue	Change in Revenue
Residential Class 1	601	0.0251	0.0300	2.5	2.99		9413					23,533	28,145	4,612
Winter rate (Nov. - Apr) <750		0.0251	0.0300				4695		3,521,250			88,383	105,638	17,254
Winter rate (Nov. - Apr) >750		0.0423	0.0505				4695		2,699,701			114,197	136,335	22,138
Non-winter rate (May to Oct)		0.0251	0.0300				4718		3,418,349			85,801	102,550	16,750
Gen. Service - Non demand - Class 2 - Winter r	602	0.0488	0.0583	2.5	2.99		414		333,345			17,302	20,672	3,370
Non-winter rate (May to Oct)		0.0427	0.0510				411		221,514			10,486	12,526	2,040
Gen. Service - Demand - Class 3 - Energy char	604	0.0062	0.0074			6.2	7.40	36		7.021	1,828,060	54,867	65,486	10,619
Large Gen. Service - Class 4 - Energy charge	603	0.0060	0.0072			5.8	6.92	228		12,763	2,904,939	91,457	109,238	17,781
Sewer Treatment Plant - billed to sewer fund	606.3	0.0060	0.0072			5.8	6.92	228		1,089	382,256	8,610	10,288	1,678
Operating Municipality - not charged to other fur	606.2	0.0200	0.0239					60				1,444	1,726	282
Private Outdoor Lighting - Class 5	609 & 610	N/A	N/A	8.45	10.09			252	33			3,346	3,996	649
Street Lighting - Class 6 - Energy charge	607	0.0070	0.0084	1.00	1.20			12				41	49	8

	499,467	596,648	1	97,181
Base Revenue per PSC report	<u>542,639</u>			
Variance	(43,172)			

New KWH Rate = KWH Rate * 29.8%
 New Service Charge Rate = Service charge * 29.8%
 New Demand Charge Rate = Demand Charge * 29.8%

Tickmarks
 @ PSC report page 301
 # PSC report page 302 and 303
 % Per Demand spreadsheet

Forecasted Rate Year Purchased Power Cost

	5/31/2007	5/31/2008	5/31/2009	Anticipated Rate Year	Delivered KWH	
Base Revenue-PSC pg 301	636,482	706,705	542,639	1 596,648	16,661,010	5/31/2009
PPAC Revenue-PSC pg 301	122,863	190,414	206,719	281,956	17,002,073	5/31/2008
Adjustment to reconcile between the PSC report and general ledger	(113,318)	(194,067)			16,933,259	5/31/2007
Write off of uncollectible accounts			(25,910)	(28,488)	50,596,342	
Total Revenue	646,027	703,052	723,448	850,116	16,865,447	Average
Purchased Power	425,473	477,170	495,903	2 491,674	0.029153	* base purchased power
Gross Profit	220,554	225,882	227,545	358,442	491,674	2
Gross Profit %	34%	32%	31%	42%		

Company	Demand KW	Multiplier	Total	KWH Sold	Multiplier	Total
Herbert Star	3.159	120	379.080	959	120	115,080
Jamestown Plastics/Single Phase	3.637	240	872.880	1000	240	240,000
Jamestown Plastics/3 phase/480 volt "2"	10.511	320	3,363.520	1785	320	571,200
River Bottom Inn/3 phase	0.153	40	6.120	15	40	600
River Bottom Inn/1 phase	4.699	40	187.960	1698	40	67,920
Community Bank	257.028	1	257.028	54249	1	54,249
Country Fair	11.551	80	924.080	5014	80	401,120
Cave's Deli	4.061	80	324.880	622	80	49,760
Mike Bellando/Laundromat	61.170	1	61.170	9929	1	9,929
Fairpoint Communications	3.920	40	156.800	1868	40	74,720
Nickel Plate Depot	206.840	1	206.840	76298	1	76,298
Carbon Graphite Materials	7.581	525	3,980.025	1301	525	683,025
Dunkirk Metal Products/3 phase	4.005	80	320.400	538	80	43,040
Dunkirk Metal Products/Single phase	5.033	80	402.640	1614	80	129,120
Cliffstar Corp.	7.373	80	589.840	3058	80	244,640
Descon EDM	2.937	80	234.960	470	80	37,600
Town of Portland	3.460	40	138.400	869	40	34,760
Brocton Central School/Bus Garage	1.999	80	159.920	684	80	54,720
Brabel, Inc.	125.317	1	125.317	15860	1	15,860
Larry/Marcus/Matthew Thies	71.457	1	71.457	1298	1	1,298
Total Class 4			<u>12,763.317</u>			<u>2,904,939</u>
Jamestown Plastics/3 Phase	10.721	240	2,573.040	1455	240	349,200
Brocton Central School/Main School	4448.340	1	<u>4,448.340</u>	1478860	1	<u>1,478,860</u>
Total Class 3			<u>7,021.380</u>			<u>1,828,060</u>
VOB/Peerless Pump Station	279.425	1	279.425	45216	1	45,216
VOB/Sewer Plant	10.120	80	<u>809.600</u>	4213	80	<u>337,040</u>
			<u>1,089.025</u>			<u>382,256</u>

Village of Brocton
Calculation of PILOT

A/C #	5/31/2009 Cost	5/31/2009 Accum Deprec	5/31/2009 Net Book Value
311	2,041	-	2,041
312	312,981	93,314	219,667
358	186,343	146,912	39,431
361	127,986	119,560	8,426
363	111,349	83,529	27,820
365	141,509	98,488	43,021
366	86,785	86,785	-
368	81,683	63,239	18,444
369	21,567	14,836	6,731
370	2,812	2,812	-
371	39,114	25,399	13,715
	<u>1,114,170</u>	<u>734,874</u>	<u>379,296</u>
	<u>1,114,170</u>	<u>734,874</u>	<u>379,296</u>
Tax Rate per \$1,000 (Eq rate @ 100%)		10.96 *	4,157

Factor of Adjustment

Fiscal year ended	PSC	KWH purchased	KWH sold	Factor of Adjustment
5/31/2009	pg 400	16,661,010	15,548,109	1.071578
5/31/2008	pg 400	17,002,073	16,779,016	1.013294
5/31/2007	pg 400	16,933,259	16,256,807	1.041610
5/31/2006	pg 400	16,864,397	16,326,898	1.032921
5/31/2005	pg 400	16,316,221	15,940,477	1.023572
5/31/2004	pg 400	15,929,605	15,512,750	1.026872

Factor of adjustment based on historical data 1.034974

Invoicing Date	KWH Delivered	Wholesale transmission cost	Wheeling cost	Total cost delivered kwh
6/10/2009	1019949			21,443.25
5/13/2009	1236153			34,235.08
4/13/2009	1626880			46,244.66
3/10/2009	1664286			55,588.66
2/10/2009	2027071			73,836.26
1/16/2009	1890439			69,755.34
12/11/2008	1474979			41,308.53
11/13/2008	1244383			28,185.22
10/14/2008	1040581			21,280.87
9/12/2008	1085540			21,913.62
8/14/2008	1172310			34,755.13
7/14/2008	1104021			34,997.71
Total	16586592	0	0	483544.33
Base Purchased Power Cost per KWH	0.029153			

Proposed \$556,750 20-Year Maturity Schedule
Public Market Borrowing
(Level Debt)

Prepared For: Village of Brocton
Prepared By: Municipal Solutions, Inc.
Project: Electric Substation

	Principal Payments	Amount Outstanding	Interest Expense	Interest Expense	Total Debt Service
			5.00%	5.00%	
27-May		\$556,750	27-May	27-Nov	
2010 BAN	\$0 *	556,750	\$16,647 **	\$0	\$16,647
2011 SB	16,750	540,000	16,703 ***	13,500	46,953
2012	20,000	520,000	13,500	13,000	46,500
2013	20,000	500,000	13,000	12,500	45,500
2014	20,000	480,000	12,500	12,000	44,500
2015	20,000	460,000	12,000	11,500	43,500
2016	20,000	440,000	11,500	11,000	42,500
2017	25,000	415,000	11,000	10,375	46,375
2018	25,000	390,000	10,375	9,750	45,125
2019	25,000	365,000	9,750	9,125	43,875
2020	25,000	340,000	9,125	8,500	42,625
2021	25,000	315,000	8,500	7,875	41,375
2022	30,000	285,000	7,875	7,125	45,000
2023	30,000	255,000	7,125	6,375	43,500
2024	30,000	225,000	6,375	5,625	42,000
2025	35,000	190,000	5,625	4,750	45,375
2026	35,000	155,000	4,750	3,875	43,625
2027	35,000	120,000	3,875	3,000	41,875
2028	40,000	80,000	3,000	2,000	45,000
2029	40,000	40,000	2,000	1,000	43,000
2030	40,000	0	1,000	0	41,000
Totals	\$556,750		\$186,225	\$152,875	\$895,850

Notes: * Principal payment is optional at this time.
 ** Actual interest due on BAN on May 27, 2010.
 *** Assumes a full year interest due when the Bond Anticipation Note comes due in May 2011. We have assumed an interest rate of a 3%.