

# ARROW PARK, INC.

P. O. BOX 465 • MONROE, NY 10949 • 845-783-2044  
[www.arrowparkny.com](http://www.arrowparkny.com)

October 11, 2017

Kathleen H. Burgess, Secretary to the Commission  
Department of Public Service  
Three Empire State Plaza, 20<sup>th</sup> floor  
Albany, NY 12223

Re: Arrow Park, Inc. - Minor Rate Filing

Dear Secretary Burgess:

On behalf of Arrow Park Inc., (Arrow Park or the Company) we enclose, herewith, a proposed tariff revision to the Company's schedule P.S.C. No. 3 - Water. The proposed revision is intended to produce an annual increase of \$11,200 or 62.06% in base rates. Our last application for a rate increase was granted in 2011.

Support for our rate increase application is demonstrated in the enclosed Comparative Income Statement package (including Tabs 1, 2 and 3). It shows the past 3 years of actual data, with 2016 being our Base Year, and one year of projected data. Key elements in the table show:

**Water Testing:** Our costs for water testing have increased by almost 52% since our previous application. These costs remain our largest expense (73% of revenues in 2016 vs. 48% of revenues in 2011). Because of the annual increases in this cost alone, the increase and surcharge granted in 2011 were insufficient to allow us to break even let alone make any profit.

**Insurance:** The water company is a part of Arrow Park Lake & Lodge (Arrow Park Lodge) and its books and records were comingled. As a result, Arrow Park Lodge has subsidized many costs for the Company throughout its existence. For example, insurance costs were never separately accounted for. Supervisor's or other salaries associated with the Company's operations were also not segregated. However, this year we purchased a separate general liability and equipment policy for the Company. The premium of \$2,821 is reflected in the Projected Figures for Rate Year 2018.

**Repairs & Maintenance and Capital Improvements:** Our system is old. Much of the equipment is past its useful life. We have begun to see the effects of this condition. This year we had to replace the pump and compressor at a cost of \$9,357 using borrowed funds. In addition, we just found out that another pipe needs to be replaced before it breaks (included in Projected Figures). In prior years, we had leaks in pipes

under the road that had to be repaired. See Tab 1 of the Comparative Income package for additional information.

As a result of this analysis, we have determined that the Water Company needs an increase in annual revenues of \$11,200 or 62.06%, over that collected in 2016 (Base Year) to generate a 10% profit as permitted by law. To generate the needed revenue of \$29,246 per year, we estimate that we will need an increase in both the semi-annual water rates and service charge for our 28 residential customers. Therefore, we suggest that the service charge be billed quarterly to make it easier for the customers to handle.

	Service Charge	Volumetric Rate
Commission Approved	\$244.50 Semi-Annually	\$2.50 per Thousand Gallons
Proposed	\$222 Quarterly	\$3.50 per Thousand Gallons

#### **Loan Repayment Surcharge**

As shown in Tab 3, the Company has had to borrow funds from Arrow Park Lodge to pay for needed repairs and operating expenses because Arrow Park did not have sufficient money. In order to recoup the \$3,942 loan made to the Company by Arrow Park Lodge, we also propose that there be a quarterly surcharge added to the 28 customers' water bills. With 3.5% interest the total loan amount would be \$4,222.77.

Proposed Surcharge: \$37.70 per quarter if recouped in 1 year

#### **Escrow Account Surcharge**

Finally, we are requesting authorization to establish an escrow account of \$15,000. This would also involve having the customers contribute an additional sum on a quarterly basis. The escrow account would be used to replace broken meters and to upgrade the others and to cover the expense of extraordinary repairs.

Arrow Park respectfully requests a waiver of the requirements for newspaper publication of the proposed minor rate filing as we will individually notify our customers of the proposed rate change.

Thank you for your consideration. Let us know if you need any other documents or information.

Please send all communications regarding this matter to Rosemary Millet and Nadya Perry, emails below.

Sincerely,

Rosemary Millet, Chair Water Committee (RosemaryMillet@Comcast.net)  
Nadya Perry, Treasurer (NadyaP@aol.com)

CC: Julia Kole, President

**Attached documents:**

- Statement of Comparative Income with supporting schedules
- Revised Leaf 12
- Proposed Escrow Account Statement (ESCW)
- Proposed Emergency Repair Surcharge Statement (ERS)