

VILLAGE OF ANGELICA

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July 27, 2021

Hon. Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Agency Building 3
Albany, NY 12223-1350

Re: Village of Angelica Electric Department - Rates

Dear Secretary Phillips:

Enclosed please find an electronic copy of the revised Tariff Leaves Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and the exhibits supporting the Village's rate request. We are requesting that the revised Tariff Leaves be effective with the usage of electric services issued July 27, 2021, to be effective December 1, 2021 which corresponds to the billing of November 2021.

The revenue increase based on the rate study is \$200,227. The rates per the revised Tariff Leaves reflect a 38.30% increase across all service classifications.

The Village

The Village operates a municipal electric utility in the Village of Angelica, New York. It is governed by a Mayor and Board of Trustees and provides service to approximately 720 customers. The Village's service area is in western New York in Allegany County. The average number of customers has remained consistent over the last several years; with little or no growth expected in the near term. The quality of service is excellent with no complaints. The electric safety record of the Village is excellent. The Village is well managed and professionally operated.

The Village continues to be an efficient and successful public power community. The Village will continue to provide safe, reliable, low cost power to its customers. Recognizing the need to use its low-cost power prudently and efficiently, the Village will continue its programs promoting energy efficiency and strategically invest in economic development.

The Rate Filing

The Village's last rate increase was over twenty years ago with an effective date of February 1, 2001. There are two main reasons for the current rate increase. First, the Village's rate of return for fiscal year end 2020 (its most recent year end in which published information is available) was a negative 25.67%. We anticipate that without a rate increase this rate of return will remain as a negative. This negative rate of return is due to the fact that the rate base and operating costs have grown considerably since the last rate increase, and the existing customer base rates can no longer sustain the Village's day-to-day operations.

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Second, more than half of the Village's expenses are related to purchased power expense with the next largest expense being labor and employee benefits. These costs continue to increase because of outside forces and certain mandates, and the Village wishes to pay competitive wages and benefits in order to retain the existing workforce. In addition to these factors, the village is also in the process of a substation upgrade, which has come in at approximately a quarter of a million dollars. We have documentation to support this expense.

The Village has made significant efforts to increase opportunistic revenues and revenue sources and to economize and improve efficiencies to generate cash flows. These efforts have not been sufficient to offset rising mandated costs, inflation, and the impact of reduced demand.

The Village's proposed rate design was structured so that each customer class would receive the same rate increase. The Board also proposes a factor of adjustment of 1.092503, the average factor of adjustment over the last six years.

The filing provides an ample basis for the Commission to process the application expeditiously. The filing contains three years of income statements and projections of revenues, expenses, and rate base. The filing is based on fiscal year May 31, 2020 data, the Village's most recent year-end for which data is available. The Village has detailed back-up work papers supporting the rate request and will provide them to the Commission in electronic and hard copy format upon request.

Public Notice

We are requesting that the Village be granted a waiver of required four week notification and we will individually notify each of its customers regarding the rate request via billing inserts.

Further Information

The Board asks that questions regarding this filing be directed to:

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The Village also utilized the assistance of Laura Landers, CPA, of Freed Maxick CPA's, in the development of this filing.

Respectfully Submitted,



Michael Trivisondoli
Mayor