



May 29, 2015

**VIA ELECTRONIC FILING**

Kathleen H. Burgess, Secretary  
New York State Public Service Commission  
Empire State Plaza  
Agency Building 3  
Albany, NY 12223-1350

Re: Case 15-E-\_\_\_\_ - Major Rate Filing of Town of Massena Electric Department to Increase its Annual Electric Revenues by \$857,227 or 6.2%.

Dear Secretary Burgess:

On behalf of the Town of Massena Electric Department ("Massena"), in accordance with the provision of the New York State Public Service Law and the Public Service Commission's ("Commission") regulations, the following tariff leaves are being revised: Leaf Nos. 4, 7, 9, 11, 17, 18, 21, 22, 36 and 37. The filing contains provisions and rates designed to increase the monthly bill of a residential customer using approximately 1,223 kilowatt-hours of energy per month from \$87.53 to \$92.18 or 5.3%. The proposed increase will produce an estimated annual aggregate increase in revenues of \$857,227 or 6.2% based on a forecast test year ending March 31, 2017.

In accordance with Commission regulations and practices, notice to the public will be made in a local newspaper of general circulation for four (4) consecutive weeks. Since public hearings will be required in connection with this filing, a request is made for the suspension of said filing and for an initial hearing to be held as soon as possible.

Also, Massena would also like to update its Factor of Adjustment at this time. The six-year average Factor of Adjustment is 1.0431, which is the method that the Commission has historically used to set the Factor of Adjustment.

Massena proposes to increase the monthly service charge contained in S.C. No. 1 – Residential and S.C. No. 2 – Small Commercial up to \$8.00 per month from the current level of \$5.00 per month, but phased in over three years to ameliorate rate impacts. Many of Massena's expenses are fixed including labor and customer accounting expenses, and it is estimated that just to send out bills and maintain the system costs approximately \$12.50 per month. Increasing the customer charge will help cover this cost and maintain cash flow during the low sales period.

Residential heating customers are the primary driver of the high level of supplemental power purchased. A rate structure that discourages home heating will be beneficial to the overall system. Massena's average residential load is about 1,200 kWh, which is almost twice that of neighboring utilities. Massena also has about 100 residential customers who are averaging 8,000 kWh per month. At a minimum, a modified rate structure will be more equitable by having the customers who are driving the high supplemental purchases pay for those purchases.

Massena proposes to introduce a new rate structure to accomplish this goal. The new rate structure will utilize two Purchase Power Adjustment Charges ("PPAC"). The first PPAC will be linked to NYPA hydroelectric power purchases and other costs associated with the NYPA hydro allocation. This "Hydro PPAC" will be relatively stable and small. The second PPAC will be driven by supplemental power purchases. This "Supplemental PPAC" will include demand and energy charges from the New York Municipal Power Agency ("NYMPA"), plus other costs associated with supplemental power supply. The "Supplemental PPAC" will be less stable and reflect the higher cost of supplemental power. Each Customer in Service Classes SC-1 (Residential), SC-2 (Commercial with No-Charge Demand) and SC-3 (Commercial with Demand) will receive a set allocation of hydroelectric power. For this energy the customer will be charged the "Hydro PPAC". Once a customer's usage goes above this allocation they will be

charged the "Supplemental PPAC" for this energy. A detailed discussion and the bill impacts resulting from the new rate structure is fully explained in the testimony. To ameliorate rate impacts, Massena proposes to phase in the change in rate structure over three years.

Massena asks that questions regarding this filing be directed to the following individuals:

i) Jeffrey Genzer, of Duncan, Weinberg, Genzer & Pembroke, P.C. who may be reached at Suite 800, 1615 M Street, N.W. Washington, D.C. 20036, Phone: (202) 467-6370 or via e-mail at [jcg@dwgp.com](mailto:jcg@dwgp.com); ii) Frank Radigan of the Hudson River Energy Group who may be reached at 237 Schoolhouse Road, Albany, NY, 12203, Phone: (518) 452-2585 or via e-mail at [FRadigan@aol.com](mailto:FRadigan@aol.com); and iii) Andy McMahon, General Manager, Massena Electric Department who may be reached at 71 E. Hatfield Street, P.O. Box 209, Massena, NY 13662, Phone : (315) 764-0253 or via e-mail at [amcmahon@massenaelectric.com](mailto:amcmahon@massenaelectric.com).

Respectfully submitted,  
For the Town of Massena Electric Department

A handwritten signature in black ink, appearing to read "Frank Radigan", written in a cursive style.

By: Frank W. Radigan

cc: Andy McMahon, Massena Electric Department  
Jeff Dobbins, Massena Electric Department  
Jeffrey Genzer  
Jim Mitchell, Department of Public Service  
Colonel Dickens, Department of Public Service  
Sean Malpezzi, Department of Public Service