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March 27, 2015

*REGISTERED TO PRACTICE BEFORE U.S.
PATENT AND TRADEMARK OFFICE

*OF COUNSEL

VIA ELECTRONIC FILING

Kathleen H. Burgess
Secretary to the Commission
New York Department of Public Service
3 Empire State Plaza
Albany, New York 12223-1350

Re: *Jamestown Board of Public Utilities - Application for a Mini-Rate Case
And Disposition of Dismantling Fund and Proposed Restricted Capital Projects
and Overhaul Fund*, Case No. _____

Dear Secretary Burgess:

Enclosed herewith are the following materials, identified below, issued and transmitted for filing on behalf of the Board of Public Utilities ("BPU") of the City of Jamestown, New York, in accordance with the requirements of the Public Service Commission.

The BPU is proposing a rate increase of approximately 2.5% of retail sales revenue and is requesting treatment consistent with a mini-rate case, in accordance with the Commission's rules.

In addition, the BPU is presenting information to update Staff and the Commission on the Dismantling Fund, and proposes a new Restricted Capital Projects and Overhaul Fund.

The following materials are enclosed:

1. Draft Revised Tariff leaves for P.S.C. No. 7 Electricity, containing provisions and rates designed to produce an estimated annual aggregate increase in revenues of \$1,197,760 based on billing data for the twelve months ending December 31, 2014, as adjusted:

Leaf No. 94, Revision 1, superseding revision 0
Leaf No. 97, Revision 6, superseding revision 5
Leaf No. 99, Revision 6, superseding revision 5
Leaf No. 102, Revision 6, superseding revision 5
Leaf No. 105, Revision 6, superseding revision 5
Leaf No. 106, Revision 1, superseding revision 0
Leaf No. 107, Revision 1, superseding revision 0
Leaf No. 108, Revision 1, superseding revision 0
Leaf No. 109, Revision 5, superseding revision 4
Leaf No. 109.1, Revision 0
Leaf No. 131, Revision 1, superseding revision 0
Leaf No. 132, Revision 1, superseding revision 0

These revisions are issued as of March 27, 2015 and are proposed to become effective September 1, 2015.

2. Exhibits 1 through 15, which support the BPU's requested increase in electric revenues. The supporting exhibits data includes Rate Year Statement of Operations, Cost of Capital, Historical and Pro Forma Statements of Operations and kWh Sales (including Pro Forma Adjustments), Balance Sheets and Surplus, Summary of Operating Expenses (and Detailed Operating Expenses), Comparison to 2009 Rate Case, Rate Base, Revenue Change Required to Earn Cost of Capital, Calculation of Average Line Loss and Factor of Adjustment, Plant Cost and Depreciation Expense- 2014 and 2015, Capital Budget, 2015-2019, Proof of Revenue- Pro Forma at PRESENT Rates, Proof of Revenue- Pro Forma at PROPOSED Rates (including Proposed Rates and Revenue Increase Over Present Rates and Revenue and Comparison of PRESENT and PROPOSED Rates), Bill Comparisons and Historical and Projected kWh Sales and Revenue.

Proposed Rate Increase

The 2.5% revenue increase is being submitted for filing as a "mini-rate" increase, even though a higher rate increase can be justified. The BPU is hopeful that the increase can be effective on September 1, 2015. Under the proposed revisions, the revenue increase would be spread equally (*i.e.*, uniform percentage increase) across all rate classes.

The BPU has not filed for a rate increase since 2009 (Docket 09-E-0862). The primary reasons for this rate increase include lower retail sales kilowatt hours, revenue and contribution to expenses; higher labor costs and higher costs for the New York State Retirement System and health insurance; and improvements needed for the BPU's plant. Since the last rate increase, general inflation increased costs by an estimated 10.6%, equal to a compound rate of 2.0% *per year*.

Dismantling Fund

Pursuant to the Commission's Order in Docket 04-E-1485 ("2004 Order"), the BPU sets aside in a Dismantling Fund a portion of the profits from off-system sales, to fund the anticipated future costs of dismantling its existing coal plant. Off-system sales profits of \$1,225,000 per year are reflected in the BPU's rates, and Off-system sales profits over that amount are deposited to the Dismantling Fund. Thus Off-system sales profits mitigate future ratepayers' costs of dismantling the coal plant.

The 2004 Order provided that when the balance in the Dismantling Fund, plus disbursements for allowable dismantling costs, reaches \$12,150,000, amounts that would otherwise be deposited to the Dismantling Fund must be deferred in a separate account for disposition by the Commission.

During the second quarter of 2014, the Dismantling Fund balance plus allowable disbursements reached \$12,150,000. Therefore, the BPU has set aside an additional \$2,833,109 for disposition by the Commission; the BPU's request regarding this amount is discussed under *Restricted Capital Projects and Overhaul Fund*, below. The BPU estimates that the balance in the Dismantling Fund, \$9,865,825, is approximately equal to the amount needed for future dismantling costs. In addition, the BPU requests the provisions of the 2004 Order requiring the BPU to surcharge customers when Off-system sales profits are at or below certain levels, be eliminated.

Restricted Capital Projects and Overhaul Fund

Proper maintenance of the Gas Turbine requires an overhaul every 25,000 runtime hours. An overhaul is scheduled for 2015, at a cost of approximately \$4 million. The BPU proposes that rather than including this cost in rates, a Restricted Capital Projects and Overhaul Fund be established, and Off-system sales profits in excess of \$1,225,000 per year be deposited to the Restricted Capital Projects and Overhaul Fund. The Restricted Capital Projects and Overhaul Fund must be a separate account controlled by the BPU.

The BPU will be permitted to use the Restricted Capital Projects and Overhaul Fund for periodic maintenance of the Gas Turbine and Steam Turbine Generators, and, once the fund balance reaches \$4 million, or the expected cost of the next overhaul if greater, the excess can be used for capital projects.

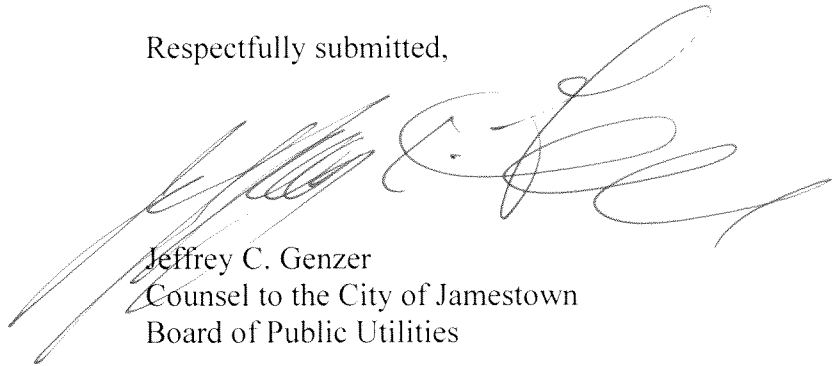
The BPU proposes that the \$2,833,109 from Off-system sales profits that had been set aside once the Dismantling Fund reached the target, be deposited to the Restricted Capital Projects and Overhaul Fund.

Newspaper publication regarding this filing will be made in accordance with the Commission's regulations in the local newspaper for four successive weeks. The revised P.S.C. Schedule No. 7 is being made available to the public by contacting the Office of the Secretary to the Board, Jamestown Board of Public Utilities, 92 Steele Street, Jamestown, New York.

Accordingly, we respectfully request that the Public Service Commission expedite action on this application and that the following individuals be advised of any action taken in regard to

this filing: a) the undersigned; b) David Leathers, General Manager, Jamestown Board of Public Utilities, PO Box 700, Jamestown, New York, 14702-0700 (dleathers@jamestownbpu.com) (716-661-1664); and c) Howard S. Gorman, HSG Group, Inc., 45 Hillpark Avenue, Great Neck, NY 11021 (hgorman@hsg-group.biz)(516-244-6806).

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jeffrey C. Genzer', is written over the typed name and title.

Jeffrey C. Genzer
Counsel to the City of Jamestown
Board of Public Utilities

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