

**MOHAWK MUNICIPAL COMMISSION
VILLAGE OF MOHAWK
28 COLUMBIA STREET
MOHAWK, NEW YORK 13407-1322**

May 1, 2013

Hon. Jeffrey Cohen, Acting Secretary to the Commission
New York State Department of Public Service
Three Empire State Plaza
Albany, New York 12223-1350

Dear Acting Secretary Cohen:

Re: Mohawk Municipal Commission - Rates

Enclosed please find a copy of the revised Leaf Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, and 23 of PSC No. 2 - Electricity for the Mohawk Municipal Commission (Commission), issued May 1, 2013, to be effective September 1, 2013.

The proposed Tariff Leaves will increase the base revenue portion (customer charge and energy charge) of the monthly bill of a residential customer using 750 kilowatt-hours from \$34.22 to approximately \$37.01, or 8.17%. The proposed change will increase the Village's annual base revenues by \$96,576 (from \$839,986 to \$936,562). The filing is a "mini-filing" under the New York State Department of Public Service Rules of Procedures, and a hearing is not required.

The Commission

The Commission operates a municipal electric utility in the Village of Mohawk, New York. It is governed by a Mayor, Board of Trustees, and Board of Commissioners and provides service to approximately 1,300 customers. The Board's service area is in central New York in Herkimer 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 Commission is excellent. The Commission is well managed and professionally operated.

The Commission continues to be an efficient and successful public power community. The Commission 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 Commission will continue its programs promoting energy efficiency and strategically invest in economic development.

The Rate Filing

The Commission's last rate increase was eighteen years ago with an effective date of April 1, 1995. There are two main reasons for the current rate increase. First, the Commission's rate of return for fiscal year 2012 was a negative 2.12%. The forecasted rate of return before the requested revenue increase is expected to be a negative 10.22%. 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. This filing requests an increase in base revenues of approximately \$96,000 which allows the Commission to file as a "mini-filing" under the New York State Department of Public Service Rules and Regulations.

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Second, more than half of the Commission's expenses are related to purchased power expense with the next largest expense items being labor and fringe benefits. These costs continue to increase because of outside forces, and the Commission's wishes to pay competitive wages and benefits in order to retain the existing workforce.

The Commission 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 Commission's proposed rate design was structured so that each customer class would receive the same rate increase. The Commission also proposes a factor of adjustment of 1.061962, the average factor of adjustment over the last six years.

In addition, the revised tariff includes the Commission's desires to perform an annual reconciliation of its Purchased Power Adjustment to determine whether there was an under or over billing of purchased power expense during the preceding year.

The filing provides an ample basis for the New York State Department of Public Service 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, 2012 data, the Commission's most recent year-end for which data is available. The Commission has detailed back-up workpapers supporting the rate request and will provide them to staff in electronic and hard copy format upon request.

Public Notice

The Commission will individually notify each of its customers regarding the rate request via billing inserts. Notice will also be made to the public in a local newspaper for four (4) consecutive weeks.

Further Information

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

Michael Shedd, Co-Superintendent
Mohawk Municipal Commission
Village of Mohawk
28 Columbia Street
Mohawk, New York 13407-1322
Tel: (315) 866-4312
mohawkmuni@hotmail.com

The Commission also utilized the assistance of William C. Freitag, CPA, of Bollam, Sheedy, Torani & Co. LLP, in the development and submission of this filing. Please feel free to contact Mr. Freitag at (518) 459-6700.

Respectfully submitted,

MOHAWK MUNICIPAL COMMISSION

Michael Shedd, Co-Superintendent

MS/dmc
Enclosures